

FINANCIAL TIMES

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GREEK ELECTIONS

Quiet campaign on a key battlefield

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World News Business Summary

US Treasury proposes new rules to curb drugs trade

The US Treasury has proposed stricter rules on international wire transfers in an effort to clamp down on drug traffickers moving millions of dollars in and out of the US. Page 20

'Spy' confession

A British-based journalist confessed to spying for Israel. Farzad Pazoft, an Iranian living in Britain, was arrested last September while on assignment in Iraq for the British Sunday newspaper The Observer.

Frontline meeting

President Kenneth Kaunda of Zambia said a meeting between African frontline states and South Africa could take place if elections in Namibia went smoothly. Page 4

EC river plan

Ambitious plans to clean up the European Community's rivers, lakes and coastal waters through tough new standards for sewage treatment were unveiled in Brussels. Page 20

Brazilian turmoil

Brazil's presidential election campaign was in turmoil following the country's best-known television personality as an official party candidate. Page 6

Conscript concern

Top Soviet military commanders are expressing concern about the growing problem of draft-dodging and desertion among the country's 3m-odd conscript army. Page 3

Schily swaps parties

Otto Schily, a one-man political institution in West Germany and the most prominent member of the Green Party, has decided to join the Social Democrats. Page 3

Bhutto confidence

Benazir Bhutto, Pakistani Prime Minister, appeared to ward off a vote of no confidence but in circumstances that are likely to leave her authority impaired and could provoke violence. Page 4

Chinese-US tension

China's relations with the US took a marked turn for the worse when Deng Xiaoping, China's senior leader, accused Washington of deep involvement in the protests which gripped Peking earlier this year. Page 4

President Ozal

Turgut Ozal, the technocrat-turned-politician who has been Turkish Prime Minister since 1983, was elected President in a low-key parliamentary ballot boycotted by the opposition. Page 3

Argentine debt

Argentina will ask its creditors for a 50 per cent reduction on principal and arrears on its \$30bn foreign debt and a cut in interest rates. Page 6

Pinball scandal

The Japanese parliament began delving into allegations about a pinball scandal involving both ruling and opposition parties. Page 4

Krenz in Moscow

East German leader Egon Krenz arrived in Moscow for talks with Soviet President Mikhail Gorbachev expected to focus on reforms in East Berlin. Page 2

US timber group offers \$3.18bn for papermaker

Georgia-Pacific, US pulp, paper and timber group, offered \$3.18bn for rival Great Northern Nekeosa, a move likely to trigger a fight for the papermaker if not a flurry of rationalisation in US forest products industry. Page 21

ASEA Brown Boveri, European electrical engineering group and CRSS, US design and construction companies in the US, has been given go-ahead for further work on a \$2.5bn high-speed train system in Florida. Page 8

BRITAIN and US face a split over support granted by the Export Credits Guarantee Department for the sale of Rolls-Royce engines to American Airlines. Page 8

COATES Brothers, UK inks and resins manufacturer, announced yesterday that it has agreed to a 470p-a-share bid from Orkem, the French state-owned chemicals producer. Page 21

MEGGITT, UK engineering group, said it might not proceed with its hostile £100m bid for United Scientific Holdings even though it is close to victory. Page 21

BOEING, world's largest airliner manufacturer, warned strike by production workers "will have a serious adverse impact" on profits and financial position. Page 23

EUROPEAN Community stated its willingness to discuss the contentious matter of rules of origin within the present Uruguay Round multilateral trade negotiations. Page 8

SOVIET parliament overwhelmingly rejected plans for big price rises for beer and cigarettes, proposed by the Minister of Finance to pay for increased social spending in the coming year. Page 20

TEXAS Instruments, US electronics and computer manufacturer, has re-entered the personal computer market with a new family of portable laptop and notebook-sized personal computers. Page 23

UK MEDIA magnate Robert Maxwell is to close Agence Centrale de Presse, French news agency. Page 2

NEW ZEALAND Government has indefinitely postponed a \$50m bond issue in Tokyo, but Japanese banks have rejected claims they joined forces to undermine the issue. Page 25

FERMENTA, Swedish pharmaceutical and finance group, announced it planned to create Sweden's second largest finance company. Page 23

FLETCHER Challenge, New Zealand's largest company, is making a \$10m foray into Canada to gain a foothold in the North American natural gas industry. Page 24

USX, US steel and energy group, reported a 23 per cent decline in third-quarter earnings. Page 23

KUALA LUMPUR Stock Exchange (KLSE) board is meeting to contemplate proposals to enforce and expedite the delisting of Malaysian companies from Singapore. Page 24

TNT, Australian-based international transport group, reported a spectacular 70 per cent slump in first quarter profits as a result of the continuing domestic air pilots' dispute. Page 24

EUROPEAN Investment Bank (EIB) has agreed to lend Portugal another \$100m to help finance infrastructure modernisation and small and medium industries. Page 8

STC Corporation, South Korean flexible packaging maker, is to launch a \$30m convertible Eurobond next month to finance expansion in the US and the Philippines. Page 25

Bush and Gorbachev to hold summit next month

By Peter Riddell in Washington and Quentin Peel in Moscow

PRESIDENT George Bush will hold the first super-power summit of his Administration with Mr Mikhail Gorbachev, the Soviet leader, early next month aboard US and Soviet naval ships in the Mediterranean. Mr Bush said yesterday that the meeting on December 2-3, announced simultaneously in Moscow and Washington, would be "informal in character, designed to allow us to become better acquainted with each other and to deepen our understanding of each other's views. Neither of us anticipate

that substantial agreements and decisions will emerge." The meeting will cover a range of issues, including the changes in Eastern Europe, the Soviet economy and regional conflicts, as well as US-Soviet relations. It is intended as a preliminary to a full summit planned for late next spring or early summer in the US, which will be concerned with arms control and negotiations on a strategic arms reduction treaty and conventional force imbalances in Europe. Mr Eduard Shevardnadze,

the Soviet Foreign Minister, said yesterday: "Both sides feel it useful and vital at the moment to hold such an intermediate summit. The two leaders aim to get to know each other better, and understand each other's viewpoints better." Mr Bush said he wanted a meeting "without too much fanfare" where there is "a chance to put our feet up and talk." The Soviet Union has been seeking a meeting in order not to lose the momentum of the

improved relationship. Mr Gorbachev had five summit meetings with former President Ronald Reagan. Mr Bush has been reluctant to hold such a meeting without a specific agenda but he said yesterday he had changed his mind after consulting US allies and after considering the rapidly changing in Eastern Europe. He also did not want to miss something that he might get better first hand from Mr Gorbachev. "I don't want to have two gigantic ships pass in the night because

of failed communication." Reflecting the change in his Administration's thinking this year, Mr Bush stressed his support for perestroika in the Soviet Union. Mr Shevardnadze, however, was politely dismissive on this point. Questioned on what possible aid the US could bring to perestroika, the Foreign Minister was adamant: "I beg of you to drop that phrase 'help the Soviet Union economically with perestroika.' Perestroika is a matter for our people, and it is we who must see its plans

through to the end." However, he did indicate that help in readmitting the Soviet economy into full partnership in the world economy would be welcomed. The Mediterranean venue appears to be a compromise between the desire for neutrality and a sense of public relations, combined with a confidence that the media circus can be kept at bay. Bush committed to success of perestroika, Page 6; Soviet Parliament rejects price rises, Page 20

Jaguar advertisement featuring a jaguar logo and text: '1922: Founded by Sir William Lyons as Swallow Sidecar Co. 1935: Reborn & renamed as SS Jaguar. 1966: Merged with British Motor Corp. Ltd. 1968: BMC merged with Leyland to form British Leyland. 1982: Registered as a private limited company as Jaguar Holdings Ltd. 1984: Rebranded as Jaguar. 1988 sales: UK £309.4m, Rest of world £28.7m, Europe £150.8m, Canada £50.0m, US \$467.5m'

Britain opens way for hostile Jaguar bids

By Kevin Done, Motor Industry Correspondent, in London

THE UK Government yesterday opened the way for an immediate hostile takeover of Jaguar, the British luxury car maker, with the unexpected announcement that it is removing the protection of its "golden share" 14 months before it was due to expire. The announcement, which ends Jaguar's 18-month fight to maintain its independence, took the company by surprise and prompted a steep rise in the company's share price amid rising takeover hopes. "We were not consulted about the matter in advance and were surprised at the action taken," the company said last night. Mr Nicholas Ridley, Secretary of State for Trade and

Industry, said in a House of Commons statement that he was ready to waive the DTI's golden share. He said the restrictions on individual shareholdings in Jaguar, entrenched by the Government's Special Share, were "now clearly causing uncertainties about the company's future by prompting speculation over how my powers may be exercised, so distracting the basis on which all parties involved have to reach their decisions." It was in the best interests of Jaguar's management, shareholders and workforce "for the company's future to be assured and the present climate of uncertainty resolved as quickly as possible," he said.

Under the present terms of Jaguar's articles of association individual shareholders are restricted to a maximum stake of 15 per cent. This condition can only be changed by a 75 per cent vote of Jaguar shareholders and with the consent of the Secretary of State for Trade and Industry, who holds the Government's share. The share was not due to be redeemed until the end of 1990, but Mr Ridley has now made clear that the Government is no longer prepared to exercise its right of veto to protect Jaguar. Continued on Page 20



Two Japanese tourists in New York yesterday admire the Rockefeller Center, one of the properties bought by Mitsubishi

Lawson puts blame on Thatcher

By Philip Stephens, Political Editor, in London

MR NIGEL Lawson yesterday put the blame for his resignation last week as Chancellor squarely on Mrs Margaret Thatcher's leadership style and made a passionate plea for full British participation in the European Monetary System. In an eloquent speech which left many in the House of Commons astonished, Mr Lawson provided a brief but detailed insight into the long-running rift between himself and the Prime Minister over exchange rate policy. Speaking for the first time since his departure last Thursday, he revealed that as part of his efforts to persuade her of the need for stable pound he had drawn up a detailed plan to establish the independence of the Bank of England. Mr Lawson's comments -

lasting barely 10 minutes - overshadowed the first Commons performance as Chancellor by Mr John Major, his successor. They also threatened to undermine attempts by Mrs Thatcher's senior ministers to establish a new modus vivendi on policy towards the EMS. Mr Major underlined his determination to put the defeat of inflation at the top of the Government's priorities and said he favoured a "firm exchange rate" to help underpin his anti-inflation policy. He added that full membership of the EMS was "no panacea" for economic policy but insisted that when the conditions for entry laid down at the Madrid summit were met "There should be no doubt... we will join". Membership of the exchange

rate mechanism would not be a soft option but the difficulties in holding down inflation would be significantly less than those experienced in the present regime of freely-floating rates. He added that: "Nor can there be any doubt that the less credible the exchange rate discipline is, the greater the weight the interest rates will have to bear, and the higher they need to be to maintain the necessary anti-inflationary pressure." In a clear allusion to the suspicion that Mrs Thatcher would like to postpone a decision indefinitely, Mr Lawson said sterling should be taken into the exchange rate mechanism at the earliest practicable time rather than at the latest for which a case can

tolerably be made". He gave no details of his plans - presented to the Prime Minister last year - for a more independent Bank of England. But it is thought the scheme - suggesting that much greater control of interest rate policy be handed to the Bank - was drawn up in secrecy with the aid of a handful of senior Treasury officials and discussed only with Mrs Thatcher. Mr Major promised "no radical changes" in the Government's economic strategy, arguing at length that the fight against inflation was its key objective. He warned the Government's supporters to expect Editorial Comment, Page 18; Lex, Page 20; Money Markets, Page 44; London Stocks, Page 42; World Stocks, Page 45

Mitsubishi buys 51% of Rockefeller for \$846m

By Robert Thomson in Tokyo

MITSUBISHI ESTATE, the Japanese real estate company, has agreed to buy a 51 per cent share of the Rockefeller Group for \$846m, in a deal that gives it control over prime New York properties and is likely to fuel controversy in the US about Japanese acquisitions. The deal announced yesterday came after the private Rockefeller Group - the business interests of which are dominated by the Rockefeller Center and which also has

interests in real estate services, entertainment and telecommunications - approached several Japanese companies with a view to selling a majority stake to broaden its fund base. Mitsubishi Estate, part of the Mitsubishi group of companies, will buy about 62,000 shares from various Rockefeller families. Continued on Page 20

Disappointing US figures may prompt easier monetary policy

By Anthony Harris in Washington and Janet Bush in New York

US STATISTICS released yesterday indicated unexpected weakness in the economy and raised hopes of a further easing in US monetary policy. The figures gave a boost to stocks and bonds on Wall Street. US new house sales suffered an unforeseen collapse in September, falling an estimated 14 per cent below sales in August. It was the sharpest monthly fall for more than seven years. At the same time a rise in the index of leading economic indicators lagged well behind market forecasts. With the figures provoking a bond market rally, the Treasury's benchmark long bond was quoted 1/4 point higher in late trading to yield 7.90 per cent. There were cautious hopes on Wall Street that the Fed would move to ease monetary policy shortly, although the market was anxious to see Friday's October employment report, as well as today's publication of the Tan Book. This is

the compilation of regional Fed economic reports used as a guide to policy making in the Federal Open Market Committee. In the equity market, the Dow Jones Industrial Average closed up 41.60 at 2,645.08, helped by the weak economic data as well as a big takeover bid. Despite hopes that the Fed would ease monetary conditions, the dollar in late trading held firm at ¥142.85, its day's high against the yen, and at DM1.829, near its session peak against the D-Mark. The drop in house sales, coming after a revised 3.4 per cent decline during August, suggests that an apparent revival in sales in the summer has collapsed. September sales were at a seasonally adjusted annual rate of 618,000, only marginally above the acutely depressed sales in March and April, and more than 11 per cent below market forecasts.

They follow reports of a sharp fall in October car sales to an annual rate of just over 7m, compared with more than 7m in earlier months and a peak of more than 8m in August, to form a picture of renewed weakness in consumer spending, especially where large homewares are involved. Against this background, the increase of 0.2 per cent in the official index of leading indicators, well below market expectations, appeared even weaker. The official employment cost index, a closely watched inflation indicator, rose 1.6 per cent in the third quarter, up from 1.1 per cent in the second and 1.3 per cent in the same quarter in 1988. Some observers believe that this may argue for continued monetary caution. However, Mr Manuel Johnson, Fed vice-chairman, said that this increase was not "a development of any special concern." US banks and drugs Page 20

MARKETS table with columns for Sterling, Dollar, Stock Indices, and various market reports.

CareerChoice advertisement featuring a survey of 54-page Career Choice for students and parents, listing various career paths and their associated fields.

Gwent's advertisement for Panasonic, got, AIWA, Warner-Lambert, and BEWA (UK) LTD, promoting their products and services.

EUROPEAN NEWS

BRUSSELS COMMISSIONER VISITS EAST BERLIN

EC tensions surface on E Germany

By Tim Dickson in Brussels

THE TENSIONS inherent in the European Community's search for a new relationship with the Eastern bloc have surfaced in Brussels ahead of the visit to East Germany today of Mr Martin Bangemann, the EC's Internal Market Commissioner.

Mr Bangemann is thought to be the first Commissioner to visit East Berlin in an official capacity but the move has attracted wider attention because he is a West German. The visit also comes at a time when many in the Community are preoccupied by the impact which the revived German reunification question may

have on EC integration. Speculation as to the significance of today's historic visit has been fuelled by stories that Mr Frans Andriessen, the EC's External Relations Commissioner, believes Mr Bangemann is treading on his toes. Other Commissioners do not necessarily have much sympathy for what they see as undue sensitivity on Mr Andriessen's part but many have urged on Mr Bangemann a note of caution.

Officials say Brussels is anxious not to send the wrong political signals to East Germany at a time when its relationships with Moscow and Bonn are at a delicate stage.

The content of Mr Bangemann's discussions in his meetings with East Germany's leaders - including President Mr Egon Krenz - were not clear, though the Commission described the visit as largely "a fact finding mission" though it added that technical issues relating to the Commissioner's Internal Market portfolio might also be raised.

One of these might be how to reconcile East Germany's special trading relationship with its western neighbour and the Community's plans for a single market by 1992.

● Mr Egon Krenz plans to become the first East German

Communist Party leader ever to hold an international press conference, after his summit with President Mikhail Gorbachev today, Quentin Peel writes.

His decision to face a public grilling underlines the new style of the East German leader, whose close ties to Moscow have been underlined by his early trip to the Soviet capital.

Soviet officials continue to maintain absolute discretion about their hopes and fears for the new East German leader, while making it clear that they do expect him to press ahead with a steady reform process.



"Reform instead of mass flight" proclaims a banner flourished by young East German demonstrators during another mass protest on the streets of Leipzig on Monday night

Warning on 'concessions' from party conservatives

By Leea Kohl in Berlin

ULTRA-CONSERVATIVES in the East German Communist Party, bewildered by the recent concessions to the opposition by Mr Egon Krenz, the new party leader, warned that he was playing into the hands of reformers who were seeking a pluralistic party.

The party's Institute of Politics and Economics (IPW) said in an open letter to the Central Committee that the leadership's ongoing discussions with the population were talking precedence over a dialogue within the Party on "basic questions of socialist society."

This intensified "uncertainty" in the party and opened the way for "misleading and hostile positions."

Party officials said this returned to the growing pressure from members for the transformation of the monolithic party into a pluralistic one. IPW said the next plenary meeting of the Central Committee should clearly review the "outlines" of the future socialist society.

Mr Krenz himself warned prospective reformers only on Monday that without the "unity" of the party there could be no unity in the population.

Volkzeitung, the Communist Party newspaper in Leipzig where hundreds of thousands of people have demonstrated for reforms, said the population could not believe that the same politicians who were in power before could now "do everything differently."

Mr Krenz is expected to seek the removal of a number of unpopular conservatives from the Politburo at a Central Committee meeting next week. The newspaper also suggested that the party could co-operate with the largest opposition group, New Forum, which has nearly 100,000 members.

One of the conservatives whose position is rumoured to be threatened is Mrs Margot Honecker, the wife of the recently deposed East German leader, who is Minister of Public Education.

In a bid to placate aroused emotions, East German television yesterday dropped its leading hard-line commentator, Mr Kurt-Edmund von Schützler, whose removal was demanded at demonstrations in recent weeks. Mr von Schützler himself announced the end of his 30-year-old programme "The Black Channel," in which he heaped abuse on West Germany using material from West German TV.

Only a few minutes after his departure on Monday evening, East German television inaugurated a news feature programme which showed 300,000 people demonstrating in Leipzig for political reforms.

UK expected to oppose new EC sewage rules

By Tim Dickson in Brussels and Richard Evans in London

AMBITIOUS PLANS to clean up the European Community's rivers, lakes and coastal waters through tough new standards for sewage treatment were unveiled in Brussels yesterday.

They seem certain to run into trenchant opposition at least from Britain, where Mr Lakis Athanasiou, water analyst with brokers UBS Phillips & Drew, estimated that their implementation could mean additional costs for the UK industry - and higher charges for the consumer - ranging from £2bn to £4.5bn.

The proposed directive would ultimately force governments to classify areas of discharge in three different ways. Generally speaking the minimum requirement in member states would be so-called secondary treatment which involves biological degradation as a means of water purification. "Sensitive zones", how-

ever, would have to be identified where a more advanced form of treatment would be needed to remove nitrogens and phosphates, while in certain coastal areas not threatened by environmental damage more simple techniques would be considered adequate.

One of the more controversial aspects of the directive - which follows best practice in some of the "greener" member states - is its proposed ban on the dumping of sludge at sea. In addition to Britain, both Ireland and to a lesser extent Spain use this form of effluent disposal.

Mr Michael Howard, the UK Environment Minister with responsibility for the water industry, said last night: "We remain to be convinced that prior sewage treatment is always necessary where properly designed and sited long sea outfalls are available."

An oddly amicable Community divorce

David Buchan on Monday's agreement to differ over social charter

IN THE end, the labour ministers of Britain and of its 11 Community partners agreed on a curiously amicable divorce over the proposed European social charter.

All sides in Monday's long negotiations seemed to accept that Britain's differences with its partners were essentially unbridgeable, and therefore it was a waste of time to do anything but try to resolve the difficulties that the other 11 had with aspects of the charter.

That process had the incidental effect of improving the charter, in British eyes, in certain areas like health and safety in the workplace, equal conditions and free movement for workers. "Nearly all the amendments in these areas were helpful," said Mr Norman Fowler, the UK Employment Secretary.

Despite maintaining Britain's general reserve on the charter, he joined his col-

leagues in agreeing that there was no point in working further on the charter and that it should be sent to the December 8-9 summit for a vote by government heads.

The ease with which Mr Jean-Pierre Soisson, the French Labour Minister, was able, by means of often flimsy textual changes, to satisfy anxieties of 10 of his EC partners, contrasted with the widely-acknowledged impossibility of fully satisfying Britain.

It also underlined the Thatcher Government's ideological divide not only with the Socialist governments of France and Spain, but also the ruling centre-right Christian Democrats of West Germany, the Netherlands, Italy, Belgium and Luxembourg.

These last four backed the German call for a nine-point plan on maternity and annual leave, sickness pay, youth protection, job quotas for the

handicapped, worker health and safety, temporary work, mutual recognition of qualifications, and job counselling.

To the relief of many other countries, Mr Soisson responded by merely asking the Commission to take heed of it in drafting its social action programme next month. Significantly, the European Trade Union Confederation (Etuc), headed by Mr Ernst Breit, president of the West German DGB union federation, yesterday reminded governments it wanted early legal action in many of these fields.

The three other noteworthy changes in the draft charter on Monday were:

- Inserted into its preamble is a statement that "the respective roles of Community rules, national legislation and collective agreements must be clearly established."
- This eased the particular fears of Denmark and Ireland about the

downgrading of collective bargaining.

- Ireland's concern to maintain specially convenient union arrangements for foreign, often US, investors was assuaged by an amendment making it clear that workers would be equally free "not to join" a union, as to join one.
- The most surprising change was that, to please Portugal, all specific mention of limiting wage competition in cross-border subcontracting for public contracts was taken out of the charter, and merely referred to Mr Soisson in his formal conclusions to Monday's meeting.

The surprise was that Bonn agreed to this. West German officials say the decision was taken last week in Bonn out of a feeling that West German workers needed no further molly-coddling from low-cost competition. They will be hearing from Mr Breit on this matter.

Hungary to hold poll on choosing President

By Judy Dempsey in Vienna

HUNGARY'S Parliament yesterday agreed to hold a referendum on when and how the President of the newly proclaimed Hungarian Republic should be chosen.

The move marks a success for the opposition Free Democrats, who have campaigned to stop the holding of a presidential election in November on grounds that this would leave the new political parties insufficient time to prepare, and thus boost the chances of Mr Imre Pozsgay, candidate of the ruling Socialist (formerly Communist) party.

Under the latest decision, voters will be asked to decide whether the President should be chosen by universal suffrage before next year's free parliamentary elections - or later in the year by the legislature that emerges from those elections.

Deputies yesterday overcame their misgivings about upsetting a previously agreed timetable for transition to democracy.

They agreed that the referendum should take place on November 26 - the date which had been tentatively earmarked for presidential elections under the old plan.

If voters still prefer an early presidential poll by universal suffrage, it will take place on January 7.

Parliament was effectively forced to agree to a referendum after the Free Democrats, and Fidesz, an opposition youth movement, had gathered 200,000 signatures in order to back up their demands.

The row about electing the new President is taking place amid continuing debate about his precise powers.

This week, Hungarian constitutional lawyers were arguing that the new President would be subject to strict Parliamentary control.

The president will be head of the armed forces and will be subject to strict monitoring by the new Constitutional Court - be allowed to dissolve government.

In other respects, the presidency is intended to play a careful balancing role between the executive and the legislative.

Despite criticism of him from Free Democrats and sections of the population, Mr Pozsgay is still deemed to be the most suitable politician for the post, given his good relations and contacts in both East and West.

Maxwell to shut French news agency

By George Graham in Paris

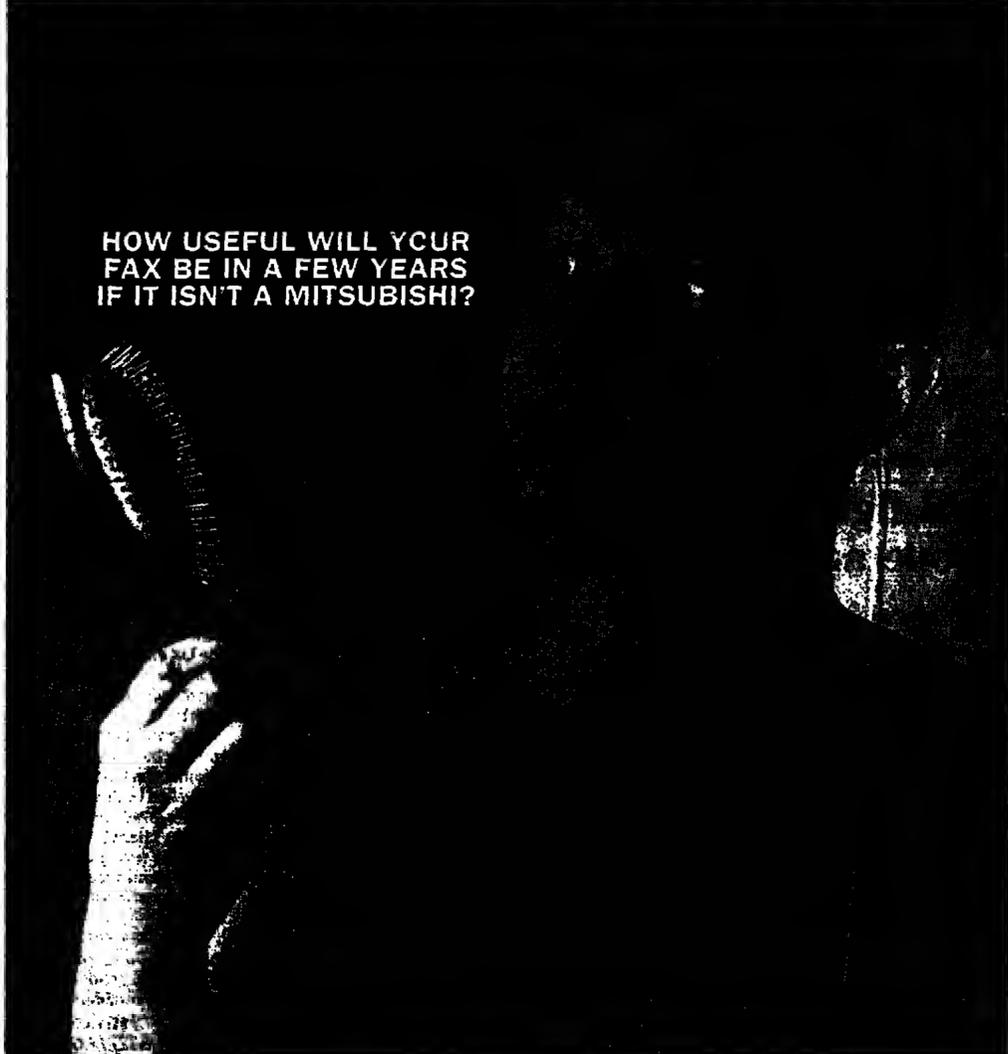
MR ROBERT MAXWELL, the UK media magnate, is to close down France's second largest news agency, Agence Centrale de Presse. Employees of the ailing agency have been on a year-long strike since Monday in a bid to "find out" what fate awaited them in the restructuring plan drawn up by Mr Alain Courture, chief executive.

After negotiations yesterday, ACP's management announced "with much regret" that it had no alternative to closing the agency.

The Maxwell group took two thirds of ACP's capital in January 1987. Its losses continued to mount, however, totalling FF219.5m (£2.96m) in 1987 and FF220.5m (£2.96m) in 1988.

Judy Dempsey adds: The Hungarian authorities have agreed in principle to sell 40 per cent of Magyar Hírso, the government newspaper, to Mr Maxwell. It was founded 22 years ago and until recently strongly reflected government policies, although it has become increasingly independent.

The deal - the result of an approach by Mr Maxwell - will bring badly needed investment to the newspaper. However, the Government, while giving the sale the green light, is not believed to be entirely happy about a situation which will mean a dilution of its influence in an important national institution.



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EUROPEAN NEWS

Ozal wins third-round vote for President

By Jim Bodgener in Ankara

MR TURGUT OZAL, the technocrat-turned-politician who has been Turkish Prime Minister since 1983, was yesterday elected President in a low-key parliamentary ballot boycotted by the opposition.

Mr Ozal, who has overseen a sweeping liberalization of Turkey's economy but also paid the price in personal popularity for rampant inflation, will be the first civilian President for nearly 30 years.

President Kenan Evren, from whom he is expected to take over on November 9, was the general who ushered in three years of military rule with the 1980 coup d'etat and his continued presence in office was one of the most tangible vestiges of that period.

Mr Ozal won the support of 263 of the 450 deputies in yesterday's third-round ballot, thus securing the necessary 51 per cent majority. He had failed to be elected in the two previous parliamentary votes, in which he would have needed 300 votes to ensure his elevation.

The only other valid votes cast yesterday were the 14 which went to Mr Fetih Celikbas, a token candidate from Mr Ozal's Motherland Party.

Mr Ozal is expected to make the presidency more interventionist than it has been under Gen Evren, who has been under a benign figurehead.

On the other hand, the presidency will mean an easier schedule for Mr Ozal, who had a heart-bypass operation in early 1987.

He is thought to favour a strong executive presidency more on the French model than that in the US. He has already made his intentions plain of simplifying the 1982 constitution framed under military rule from 1960-83, including reform of the notorious articles 141 and 142 prohibiting Communist and religious political parties.

His preference as successor for Prime Minister and party chairman from jockeying hopefuls among his party's factions will indicate how much influence and control he still wants within government.

Austria ready to give ground on night lorry ban

By Tim Dickson in Brussels

EUROPEAN Community pressure to exempt perishable products like milk and vegetables from Austria's night-time ban on noisy lorries appears to be paying off.

Officials in Brussels said yesterday that Mr Karel Van Miert, the European Transport Commissioner, has reached a "political" compromise with Chancellor Franz Vranitzky which if endorsed by the Austrian Parliament would soften the impact of the ban, due to come into effect from December 1 between the hours of 10pm and 5am.

The issue has become one of the most difficult and most urgent in the so-called transit negotiations taking place between the EC and its Swiss, Austrian and Yugoslav neighbours. At stake is not just the EC's links with the East but intra-Community trade, such as the sale of Italian vegetables to Bavaria or the transport of West German milk in the other direction (examples where transit Austria is unavoidable).

The forthcoming Austrian ban - applying to lorries whose noise exceeds 80 decibels - has particularly annoyed the Bonn Government which has muttered openly about retaliation.

The view in Brussels is that this is not a realistic option, partly because Austria is seen as a likely next candidate for EC membership, partly because the Community increasingly wants to deal with the members of the European Free Trade Association as a single bloc, and partly because there is considerable sympathy with the environmental concerns at the root of the problem.

Under the agreement struck by Mr Van Miert, Brussels says the Austrian Government will set its face against further unilateral measures and that the two sides will work together to develop more "combined" transport (involving road and rail) as well as quieter lorries.

In the meantime, noisy lorries carrying perishable goods, milk and newspapers would be exempted for six months - a concession likely to be useful to about 100 of the 1,000 or so vehicles currently using the route - while further individual derogations may be granted by the Government thereafter if it can be proved that the loads are unable to travel during the day.

Several reports of mass protests against the draft have appeared in the Soviet media - and now a senior general has published an extraordinarily outspoken attack on the civilian police and Communist party for failing to support the military in stopping the riot.

The backlash against conscription is primarily a nationalist reaction in areas like the Baltic, and Georgia, Armenia and Azerbaijan, where recruits are demanding the right to carry out their two years' service in their home republics.

It comes at a time when the military high command is already expressing concern at the brain drain caused by the deferment of conscription for students in higher education, and the mass exodus of an extra 175,000 mid-term students allowed to go back to university this summer.

The sharpest criticism to date was made this week in Krasnaya Zvezda, the army newspaper, by Lieut-General Norat Ter-Grigoryants, the Deputy Chief of Staff of Soviet ground forces.

The conscription boycott is occurring in the full view of Soviet party and law enforcement organisations. But for some reason, they remain silent, or pretend that nothing is happening," he said.

The failure of the civilian authorities to intervene meant the military commanders were facing a hostile local population alone, he said. In one case there was actually an assassination attempt on a military commissar, whom he identified as Major-General Artyunyan.

"For more than 20 minutes the enraged crowd beat him. It was just luck they did not kill him," he said.

Gen Ter-Grigoryants' attack follows a strong defence of the whole conscription system, and an attack on exemptions for students, by Col-General Grigori Krivosheyev, the deputy chief of the Soviet General Staff.

"Conscripts are being poisoned by all kinds of pacifist sentiments," he said. The military commanders angrily reject suggestions of national service in the national republics.

"The task of defending the Soviet Union is a national task," Gen Krivosheyev told Krasnaya Zvezda.

He said that the deferment of military service for students was a "violation of social justice," putting the burden far more on rural and industrial working classes. In addition, the sudden withdrawal of all mid-term students had deprived the armed forces of "crew and unit commanders, radar operators, high-class specialists on surface ships, submarines and in combat units."

There are actually no personnel to replace them at present."

Soviet military concerned about draft-dodging

By Quentin Peel in Moscow

TOP SOVIET military commanders are expressing acute concern about the growing problem of draft-dodging and desertion among the country's 3m-odd conscript army. Their fears have surfaced again this week amid reports of a spreading campaign against conscription in the outlying Baltic and Trans-Caucasian republics, coinciding with the autumn call-up.

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Quiet campaign on key Ionian battlefield

Kerin Hope reports from a region that could decide who wins next Sunday's election

IN THIS crucial Ionian island constituency, where next Sunday's Greek election could be decided, this has been the quietest campaign in years.

On Kefalonia, the loudspeaker van on the waterfront in Argostoli, the island's capital, advertises the morning's fish catch, not political meetings. The incumbent, Dr Gerassimos Messaras of the Conservative New Democracy party, says he prefers to tour the cafes "by myself just to chat to a few people at a time."

At dusk, the Socialist-backed challenger, Mr Gerassimos Arsenis, a former Economy Minister and governor of the central bank who is making his first foray into grassroots politics, heads for the mountain villages in a modest-sized motorcade.

Greece's second election campaign this year is a low-key affair compared with last June's fiercely polarised struggle between New Democracy and the Panhellenic Socialist Movement (Pasok) of the former Prime Minister, Mr Andreas Papandreu, which resulted in a hung Parliament.

It makes for a marked contrast with the heady celebrations of democracy at work in the years following the Colonel's dictatorship and the passionate right-left confrontations of the past decade. But to politicians who hope that Greek voters are starting to focus on bread-and-butter issues rather than ideology, the change is welcome.

The Conservatives, led by Mr Constantine Mitsotakis, are keeping up the conciliatory approach that enabled them to co-operate successfully with the Communist-dominated Left Alliance party in an interim coalition government. They decided to replace mass rallies with open-air concerts organized by

European Diary



Greece

Greece's three best-known composers, all of whom happen to be active New Democracy supporters. Among them is Mr Mikis Theodorakis, a former Communist deputy who is running on the Conservative ticket and now appears frequently at Mr Mitsotakis's side.

Under the proportional voting system, New Democracy needs to boost its 44 per cent share of the poll in June by 1.5-2 per cent in order to win an overall majority in the 300-member Parliament. Last time, it captured 145 seats, just six too few.

The Conservatives strengthened their hand considerably by winning all five of the country's single-seat constituencies, including Kefalonia and the neighbouring islands of Lefkada and Zakynthos - but only by a slim margin. This time Pasok is fielding stronger candidates in the Ionian in a bid to attract enough support from the region's powerful Communist vote to upset the incumbents and, with a bit of luck, deny the Conservatives a majority.

With Mr Papandreu facing criminal charges for alleged involvement in illegal phone-tapping and a \$200m bank scandal while in office, the Socialists appear to have little chance of improving their 39 per cent of the vote and 125 seats. But they hope to avoid losses by picking up votes from left-wingers angered by the willingness of the Left Alliance, which won 13 per cent and 28 seats last time, to join forces with the right.

The opinion polls have so far been inconclusive. According to some analysts, however, the election could turn on a set of technicalities, such as the number of abstentions and blank ballots.

"These three island seats are critical to the election result. The margins aren't large, but I think they can all be won," said Mr Arsenis, who grew up on Kefalonia and pushed through much-needed road-building and electricity projects when he was running the Economy Ministry.

The island has never fully recovered from a devastating earthquake in 1953 which levelled most people's homes and set off a massive wave of emigration. Even now, with tourism developing slowly but steadily, jobs are hard to come by. Although the Greek provinces are no longer ignored by the Government, thanks to the Socialist's decentralisation policy and the funding available from the European Community, it still

takes persistence by local politicians to ensure that credits arrive.

Mr Arsenis (57), who is seeking a local power base for the future, hopes to span the social divisions of an island renowned for producing both shipowners and militant Communist seamen. He says he can find the 1,300 votes needed to unseat Dr Messaras through personal support, by bussing in Kefalonia-registered voters from Athens and persuading some left-wingers to switch sides.

Campaigning in a striped shirt and grey suit, he looks more like banker headed for an IMF meeting than an islander. But in the village of Damalianta, a Communist stronghold, there was general approval as he pounded the café table to emphasise the point: "There cannot be war between the progressive forces in this country. We must stop the right from returning to power."

The Left Alliance candidate, Mr Theodoros Galiatsatos, a 33-year-old civil engineer, dismisses the idea that any of his supporters might defect. "Why should they vote for a bankrupt Socialist party?" he says. Dr Messaras, the island's surgeon, says he is confident of keeping his seat. He points out that while the interim Government was in power, he persuaded 10 doctors to give up jobs in Athens to help staff the Kefalonia's island's two hospitals.

If re-elected, his next task will be to chase up promised funds, including loans from the EC's Mediterranean programmes, for improving the water system and building a Dr200m (£1.2m) sewage treatment plant. "People appreciate your doing practical things for them," he said, gesturing around an office filled with flowers and a few carrier bags containing bottles of Kefalonia's famous white wine.

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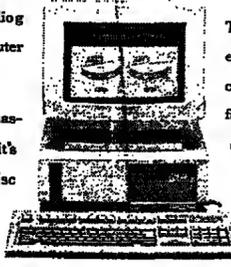
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OVERSEAS NEWS

China ousts HK critics from Basic Law body

By John Elliott in Hong Kong

CHINA yesterday expelled two leading liberal campaigners from its drafting committee responsible for preparing a constitution known as the Basic Law which will govern Hong Kong after China regains sovereignty over the British colony in 1997.

The men involved are Mr Martin Lee, a Queens Counsel and Hong Kong's most prominent critic of Peking, and Mr Szeto Wah, a teacher. They have been prime movers behind anti-Peking demonstrations and have both been indirectly accused of sedition by China because of their speeches and their role running an alliance in support of China's dissident students.

The expulsions had been widely expected but will nevertheless lead to angry reactions in Hong Kong where they will reduce an already low level of confidence about prospects after 1997. Mr Lee and Mr Wah also now face an uncertain future after 1997 if Peking decided to try to arrest them for their activities.

China's official Xinhua News Agency said the decision had been taken by the standing committee of the National People's Congress because of their "antagonistic stand against the Chinese Government". The two could resume their membership if they "recognised their mistakes".

African frontline leaders may meet de Klerk

By Mark Hubbard in Yamoussoukro, Ivory Coast

A MEETING between African frontline states and South Africa could take place in the week's elections in Namibia, says smoothly, President Kenneth Kaunda of Zambia said yesterday. Mr Kaunda was speaking after talks held here with three African heads of state seeking to revive the Angolan peace process.

The offer came shortly before an announcement that President F.W. de Klerk of South Africa is to visit the Ivory Coast in December for discussions with Mr Felix Houphouët-Boigny, the country's President. It will be Mr de Klerk's first trip to another African country since his election victory on September 20. He will be accompanied by Mr Erik Bothe, the Foreign Minister.

Mr Kaunda, chairman of the frontline states which border South Africa, told journalists that if South Africa "should do



Martin Lee: uncertain future

right-wing Group of 89, said last night.

Peking has become highly suspicious about Hong Kong in the wake of demonstrations and other support given to dissident students by activists in the colony. It has repeatedly warned against Hong Kong becoming a centre for subversive activity and its hardline leaders do not believe that Hong Kong people can be trusted with rapid introduction of democracy.

For these reasons it is unlikely that the final draft of the Basic Law will include any improvements on democratic development. Peking officials have said that they are not interested in adopting consensus opinions which they believe have been influenced either by liberals or by the British-dominated Hong Kong government. For that reason last night's consensus, and an earlier proposal for existing legislators for one third of members to be directly elected, are likely to be rejected.

Peking is believed to be even more determined not to give any guarantees at all about the later introduction of full universal franchise. It is this issue which might cause most upset later in the year. The final draft of the law will be drawn up in December at meetings in Canton dominated by Peking representatives, after discussions between the parties. The final form will then be produced by Peking around March next year.

Deng accuses US of deep involvement in protests

By Our Foreign Staff

CHINA's relations with the US took a marked turn for the worse yesterday when Deng Xiaoping, China's senior leader, accused Washington of deep involvement in the protests which gripped Peking earlier this year.

Relations between the two countries had already cooled after Chinese troops shot unknown numbers of unarmed demonstrators in Peking in June and the American embassy gave shelter to a leading dissident.

"Frankly speaking, the US was involved too deeply in the

tumult and counter-revolutionary rebellion which occurred in Peking not long ago", Deng Xiaoping, China's 85-year-old senior leader, told Mr Richard Nixon, former US President who is on a private visit to Peking at the invitation of the Chinese government.

Emerging from his meeting with Deng, Mr Nixon said there were many differences between the two countries. "The damage is very great. The point I should emphasise is that this is without question the most serious situation in terms of Sino-American relations since 1972." In that year, Mr Nixon, then US President, opened relations with China, frozen since the communists came to power in 1949.

Mr Nixon is the most prominent American to visit China since June last year, and officials stress he is travelling as a private citizen and his trip does not represent a break in President George Bush's ban on top-level contacts with China imposed after the Peking massacre. However, he was in contact with the president and his national security adviser before the visit and

will submit a report to the White House on returning. At the meeting, Deng, on whose survival China's present precarious stability depends, appeared tired, with trembling hands and slurred speech. In a break from his usual practice, he did not walk out of the meeting room to greet Mr Nixon, but waited for him to come in.

Yesterday's accusation by Deng is the worst charge China has made against the US since the crackdown in June. Peking was already enraged with the US embassy in Peking for continuing to shelter the country's most wanted dissidents, astrophysicist Fang Lizhi, who has been charged with "counter-revolutionary" crimes, including instigating the unrest.

"This is the first time that a Chinese leader has so clearly pointed the finger at the United States... It's not going to help at all," a Western diplomat said.

Sino-US ties have come under additional strain this week because of US Embassy complaints of police harassment of diplomats and their families.

A confrontation yesterday between a Nixon aide and a senior Chinese Information Department official over whether journalists, particularly the Chinese present, should record Mr Nixon's criticism of the June massacre, further chilled the atmosphere.

However, the New China News Agency quoted Deng as saying: "We hope that China and the United States will solve as soon as possible the problems in their relations and will create a warmer basis on which to promote future ties."

Observer man in Iraq 'confesses' on TV

By Andrew Gowers, Middle East Editor

A UK-BASED journalist who has been detained in Iraq for more than a month appeared on Baghdad television last night purportedly confessing to having spied for Israel, in a move which may exacerbate friction between Britain and Iraq.

Mr Farzad Bazoft, an Iranian-born journalist who was arrested in September while visiting Iraq on behalf of London's Observer newspaper, told Iraqi TV that he had been recruited by Israeli intelligence in 1987.

His statement, which could not be verified, follows repeated Iraqi allegations of espionage against Mr Bazoft and against Ms Daphne Parish, a British nurse who was arrested in connection with the case on September 19 and is also still in detention. It may set the stage for a trial which is likely to draw further expressions of concern from the West.

Both Mr Bazoft and Ms Parish have been held incommunicado, and the Baghdad authorities have flatly rejected repeated British demands for access to them, accusing London of interfering in Iraq's domestic affairs. There was no word last night of Ms Parish's whereabouts, or of possible Iraqi charges against her.

The Foreign Office had no immediate reaction to last night's report, but officials pointed out that there is a limit to what Britain can do on its case since the journalist is not a British subject.

Mr Bazoft visited Iraq as a guest of the Government in early September to cover elections in Kurdistan. He was arrested while investigating reports of a large explosion at a military industrial complex south of Baghdad.

"I went secretly to one of the important military establishments with the British nurse Daphne Parish who acted as a guide and gave me assistance while I was taking pictures and samples," he said.

There is no way of knowing whether the journalist was forced into making his confession. The Baghdad media say he will be treated in accordance with Iraqi law, which is not noted for its leniency. Iraqi ministers also promised, in meetings earlier this month with Mr John Wakeham, the British Energy Secretary, to allow consular access to the two detainees once official investigations were complete.

Jordan's poll puts Palestinians in a quandary

Lamis Andoni explains why many are wary of playing an active role in the election

FOR the Palestinian inhabitants of Jordan, the country's first parliamentary general election in 23 years poses some special problems of allegiance.

With more than half of Jordan's population of 3.4m thought to be of Palestinian origin, there is no doubt about the importance of the overall Palestinian vote in the polling on November 8. Nor is there any question that Palestinians share many of the economic and political concerns of fellow citizens who have their roots on the east bank of the Jordan River.

But Jordanians of Palestinian descent feel torn between their Jordanian citizenship and their identification with the Palestine Liberation Organisation's struggle for Palestinian nationhood on the West Bank.

Palestinian participation in the elections can be seen as encroaching on the PLO's role as the exclusive representative of the Palestinian people and may nourish Israeli claims that Jordan is the appropriate homeland for the Palestinians.

"No to the idea of a substitute homeland", say the election banners of the Palestinian committee in the Jordanian capital Amman. Anti-government protests which swept the non-Palestinian areas of Jordan in April not only persuaded King Hussein to decree the election, they also helped to dissipate the feeling that Palestinians pose the only serious long-term threat to the Hashemite monarchy.



Hussein: suspended party ban

Security controls in the refugee camps and throughout Jordan have been relaxed, but many Palestinian activists are still subject to work and travel restrictions.

In some ways, the 800,000 refugees are no different from frustrated Jordanians in the north. Both groups are critical of official corruption and resentful about their long exclusion from domestic politics. They share the hope that the elections will pave the way for political reforms.

Neither the poor Jordanians nor the Palestinians were responsible for squandering or misusing public funds, but we are afraid that we are going to pay the price", a young Palestinian said at a recent meeting of refugees. For the Palestinians, however, the elections have a significance which goes beyond Jordan's borders. The next parliament will be the first to exclude the West Bank since it was incorporated into Jordan in 1950. Last year, in response to the Palestinian uprising in the Israeli-occupied territories, King Hussein relinquished nominal control of the West Bank to the PLO. Shortly afterwards the PLO declared an independent Palestinian state in the West Bank and Gaza Strip.

Palestinians fear their participation in Jordan's election will help to fix them into a permanent diaspora, in which they will forfeit the right to a homeland and to self-determination.

These concerns provide part of the explanation for low voter registration of 40 per cent in predominantly Palestinian areas. An even smaller percentage is actually picking up the necessary voting cards.

Another factor discouraging Palestinian participation has been a feeling of alienation and uncertainty due to the anti-Palestinian sentiment which emanated from the authorities at the time of the break with the West Bank.

The 1986 electoral law, and a recent subdivision of urban electoral districts, give influence to relatively conservative rural constituencies and under-represent cities with high concentrations of Palestinians such as Amman and Irbid. This will reduce the voting power of the Palestinians and restrict the number of MPs

of Palestinian origin. Some politicians argue that the aim is to reduce the chances of radical and leftist candidates who have historically relied on Palestinian support, especially from the refugee camps.

Even with the Palestinians under-represented, their predominance in the capital has persuaded a large number of East Bank opposition and leftist figures to contest the elections in Amman. The strong Moslem brotherhood, the only legal political organisation in the country - other candidates are only allowed to stand as individuals - is also seeking Palestinian votes on a hardline platform that opposes the PLO's peace strategy.

But King Hussein's recent decision to suspend a ban on the nomination of members of illegal parties has allowed members of the Jordanian Communist Party and leftists associated with Palestinian groups to compete with the Islamic fundamentalists. In general, however, most candidates are campaigning on the basis of supporting the Palestinian intifada uprising and the PLO.

The PLO itself has publicly declared the elections to be an internal Jordanian affair, although PLO members will be among the voters. As far as the candidates go, only 8 per cent of the 556 registered are of Palestinian origin, because most prominent Palestinian politicians are members of PLO bodies or commando groups and would face official censure

from Jordan and the PLO leadership if they tried to stand.

To overcome this problem the Marxist-Leninist Front for the Liberation of Palestine "disengaged" from its Jordanian wing, which has become the Jordan People's Democratic Party. Half a dozen of its members are contesting the elections. The Popular Front for the Liberation of Palestine is also putting up a number of its Jordanian members and is backing some Palestinian independent leftist candidates. Fatah, the biggest communist group, has candidates of its own but most of those standing are seeking its support.

Candidates of Palestinian origin argue that their role in the parliament should not counter the efforts of the PLO. Mr Nizar al-Kayid, one of the candidates, sought to encourage Palestinians to vote by stressing the link between the liberalisation of the Jordanian system and the Palestinian struggle.

"Only by liberating the potentials of the people and abolishing the security and political restrictions on popular participation can we break the current isolation of the intifada," argued Mr al-Kayid, who spent ten years in Jordanian prisons.

Mr Taher al-Masri, the former deputy prime minister and himself a candidate of Palestinian origin, criticised the attitude towards Palestinian political activists will have to change," he said.

Bhutto set to fight off vote of no confidence

By David Housego in Islamabad

MS Benazir Bhutto, the Pakistani Prime Minister, last night seemed set to ward off a vote of no confidence but in the process she is likely to leave her authority impaired and could provoke violence in southern towns where the army is already patrolling.

Both sides are bringing MPs overnight from isolated mountain regions where they have been held virtually prisoner to prevent defections. The vote will probably take place today.

Under the rules for a no-confidence motion the opposition must demonstrate that it has the support of 125 members or a simple majority. Ms Bhutto may keep her MPs outside the chamber until the opposition has been counted - thus preventing the risk of last-minute defections on the floor of the house.

But even if opposition MPs fail to achieve their objective they intend to keep up pressure on Ms Bhutto through further votes of no confidence in the near future.

Japanese MPs start pinball scandal probe

THE Japanese parliament yesterday began probing allegations about a pinball scandal involving both ruling and opposition parties, agencies report from Tokyo.

The ruling Liberal Democratic Party started the investigation in earnest after three months of mass-media allegations that the opposition Socialists (JSP) acted in favour of pachinko - Japan's pinball - parlour owners and have financial links with pro-North Korean organisations.

Pachinko, a Japanese version of pinball with elements of gambling, is an industry amassing more than 76,000bn (236 bln) a year. Both the JSP, which has maintained friendly relations with North Korea for years, and the pro-North Korea Association of Korean Residents have denied the allegations.

Analysts said the LDP was steering clear of the wind since it admitted taking donations from the same organisation.

Political donations from foreigners are illegal in Japan.



Toshiki Kaifu, Japan's Prime Minister, leads bowzi cheers after his re-election yesterday as LDP president for a two-year term

Fresh charges of pay-offs to Gandhi denied

By K.K. Sharma in New Delhi

THE INDIAN Government yesterday dismissed the latest corruption charges against Prime Minister Rajiv Gandhi in the run-up to elections.

The allegations, published in 12 newspapers, linked Mr Rajiv Gandhi to commissions allegedly made by Bofors, the Swedish arms maker, to win a \$500 million contract in 1985. Mr Gandhi was also Minister of Defence at the time.

"There's nothing there. Why worry about it," said one official of the story which is likely to further embarrass Mr Gandhi who is to start campaigning in the next day or so. The charges were denied in a statement issued by the Prime Minister's office.

Allegations by Indian newspapers over the Bofors scandal, have surfaced repeatedly in the last two years and have been consistently denied by the Government.

The alleged direct involvement of Mr Gandhi is based on entries in the diaries of Mr Martin Aron, a former director of Bofors in 1985, which claim that two directors of a company codenamed A.E. Service met an unnamed "Gandhi Trust lawyer" in Geneva on November 4, A.E. Service and three companies linked with the Bofors scandal in documents published in Indian newspapers in the last few months.

A spokesman for the Prime Minister yesterday denied the allegations and stated that Mr Gandhi "is not associated with or aware of any trust known as Gandhi Trust". The statement also denied that the Prime Minister had at any time authorised any lawyer or representative to meet on his behalf any representative of a company allegedly concerned with the Bofors issue.

The latest allegation in the Bofors pay-offs scandal is expected to become a central issue in general elections to be held from November 22.

Afghan road retaken

Afghan troops wrested back control of the vital Salang highway yesterday after a missile attack on guerrillas who had closed the road for nine days, Christina Lamb writes.

Fighters loyal to guerrilla commander Ahmad Shah Massoud took control of part of the Salang last week, leaving more than 1,000 trucks stranded in northern Afghanistan. But after the government attack, 200 trucks arrived in Kabul and many more are expected.

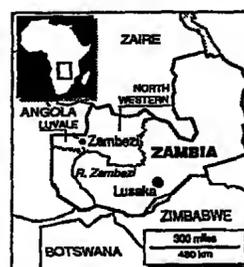
Africa's peasantry stranded as dreams of growth ebb away

Nicholas Woodsworth reports from Mize, western Zambia, on a rural people who are heading back into history

TO THE residents of Mize, the thatched-village capital of the Luavale people in remote Western Zambia, the rain-soaked Zambezi River rolling south to Victoria Falls defines much more than the limits of their tribal territory.

For centuries the Luavale have been more attuned to the annual flood and recession of the silt-rich Zambezi than to the rise and fall of administrations in distant centres. For these fishing, cattle-herding and rice-growing people, the river and its flood has been the regulator of their economy and daily lives.

The colonial Portuguese from neighbouring Angola may have brought guns and the opportunity of a trade in slaves to the Luavale. The British may have brought the bureaucratic machinery of colonial rule. More recently, Zambian independence may have brought the promise of socialist rural development.



commodity prices, unfavourable terms of trade, and mounting debt obligations continue to undermine national economies ranging from capitalist Ivory Coast to socialist Mozambique.

As they do so, the rural economies that make up much of the continent have become increasingly vulnerable to neglect. Without the political significance, wealth, or organisation of Africa's urban elites and industrialised working class, the continent's peasants increasingly bear the brunt of ongoing economic decline.

For the small-scale farmers and villagers that make up more than 75 per cent of the continent's 500m people, Africa's economic crisis has

meant diminishing hopes for the infrastructural development needed to create viable rural market centres. Roads, power, irrigation and access to simple tools are prerequisites to productivity and growth.

So, too, are social services providing minimum standards of health, nutrition, housing, and the technical knowledge that comes through education. Without these prerequisites the transition from bare subsistence to an economy of surplus production remains a distant dream.

Higher agricultural producer prices, improved farming techniques, the elimination of inefficient state-run marketing boards, and programmes of agricultural import substitution have all had some positive effect; in general, however, they have benefited established, larger-scale commercial farmers with links to urban centres.

Adjustment measures which usually accompany liberalisation, such as currency devaluation, the lifting of subsidies on food staples and agricultural inputs, tighter credit controls, and cuts in government spending on social services have for most rural Africans, on the other hand, had a detrimental effect.

Liberalisation may indeed provide immediate benefits to those already sufficiently equipped with the capital and skills to take advantage of its opportunities. And in theory, at least, the fruits of greater national

productivity and wealth that result will eventually trickle down to all sectors of the population. In the meantime the stark reality is that many rural African populations are becoming ever-further divorced from national economic life.

The West bank of the upper Zambezi river, the home of the Luavale, is no exception. Mize sits three kilometres from the Zambezi River on a knoll which in the flood season overlooks a vast flooded plain. Within sight of the village, on the river's opposite bank, is the town of Zambezi, one of four administrative centres of Zambia's North Western Province. Here are the offices of the Zambezi district's governor, its council, its national government ministries, its police and judiciary, and its state-run shops and agricultural co-operative. But as centres of effective administration and commercial development for the Luavale they might as well be on the other side of the moon.

When Luavale villagers travel to Zambezi they walk - there is no public or private transport within the 8,000 square kilometres of their tribal territory. A return trip from an outlying village can take up to four days. If they are carrying loads of dried fish to town, they are likely to find a buyer - food is scarce in Zambezi. But if they have come looking for consumer items or essen-

tial goods such as cooking oil and sugar, they are almost certain to go home empty-handed.

"We have not seen such things for many years now," says Joseph Kalundamuna, the 69-year-old headman of Savenda village, as he trudges to the dug-out canoe crossing that will take him over the river to town. "Under the British, and after independence when Zambia's copper made it rich, goods were cheap and available. Many village children today have never seen a radio. In 1959 I was able to buy a car; now I can't even get an inner tube for a bicycle. The roads used to be maintained, schools and clinics were well-run, and we could get almost anything from the shops. Why should we work hard? Even if we earned money there is now nothing to buy."

A tour of Zambezi's main street proves Mr Kalundamuna right. The central market sells only dried fish and a few locally grown vegetables. The entire stock of the local pharmacy is displayed on one dusty shelf.

"Much of the problem stems from lack of transportation," says Norwegian Steiner Larsen, the sole foreign aid volunteer working with the Luavale. "The Ministry of Transport can no longer afford road maintenance. There are more than 700 kms of rough, unpaved track between Zambezi and the country's developed

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AMERICAN NEWS

TV host wreaks havoc in Brazil's presidential race

By Ivo Dawson in Brasilia

BRAZIL'S presidential election campaign was in turmoil yesterday following the adoption of the country's best known television personality as an official party candidate.

Now, only a bevy of lawyers stand between Mr Silvio Santos, proprietor and star attraction of the SBT television network, and a late run at the country's top job.

With less than two weeks before voters go to the polls, many of Mr Santos's opponents will attempt to persuade the Supreme Electoral Tribunal to rule his candidacy invalid.

But there was no doubt among political analysts yesterday that if the tribunal authorises his last-minute adoption by the tiny Municipal Party (PMB), the star will at least severely disrupt other leading contenders and could conceivably win.

Mr Santos, who each Sunday for more than 20 years has hosted a vastly popular, day variety show, is expected to damage seriously the centre-right frontrunner, Mr Fernando Collor de Mello. He could also steal votes from Mr Collor's two left-wing challengers, Mr Leonel Brizola, of the Democratic Workers (TD) and Mr Luis Inacio Lula da Silva of the Workers' Party (PT).

Candidates with greater middle-class support, like the Social Democrat Mr Mario

Covas and the Conservative Mr Paulo Maluf, can only stand to gain from Mr Santos's candidacy and are unlikely to launch a legal challenge.

A poll in the city of Brasilia demonstrated the dramatic impact the new runner has had in the last two weeks of the campaign.

It showed that despite having no known policy or programme, Mr Santos would, from nothing, win the poll and take 5 percentage points of support off both Mr Lula and Mr Collor.

Though Brasilia by no means represents the country, the poll suggests that Mr Santos could become one of the two winners of the first stage on November 15 to go forward to the second round run-off on December 17.

Lawyers acting for rival candidates are certain to argue before the tribunal that as a television proprietor Mr Santos should have taken leave of absence three months ago to validate his candidacy.

They will also claim that he has illegally used air-time to promote his campaign. But commentators believe that Mr Santos has a strong defence case, and probably will win the right to run in a decision likely to be made next week. Mr Santos's emergence has sparked fierce controversy in the capital. Some argue that his lack of



Santos: no known policies

political experience is a bonus in a country where politicians are widely discredited.

Others believe he has made Brazil a laughing stock. "These people are just playing at democracy," Mr Antonio Carlos Magalhães, the Communications Minister, reportedly said. "It is nothing but a joke."

Joke or not, Mr Santos has little to lose from his late conversion to politics. His SBT network is the main rival to Globo TV, the megalithic channel owned by Mr Roberto Marinho - an octogenarian power-broker currently supporting Mr Collor.

Bush committed to success of perestroika

Peter Riddell on a shift in US thinking that favours closer dialogue with Moscow

PRESIDENT George Bush's announcement yesterday of a pre-summit "interim dialogue" with the Soviet leader as a "deregulation" (all talk and no delivery). But Mr Gorbachev also indicated a shift in Soviet thinking on conventional arms towards Nato's position.

The US reappraisal was signalled in several speeches, culminating in Mr Bush's European visit in late May when he successfully firmed a Nato row over short-range missiles with proposals which broke the logjam over conventional force reductions. His theme was "Beyond Containment" and he talked of building a better relationship with the Soviet Union by integrating it into the community of nations. He was careful to stress that Moscow would be judged on performance, not rhetoric.

Mr Bush also developed a view of Europe "whole and free" ending the post-war division of Europe on the basis of common values of democracy and freedom. The process has been taken further forward in two ways. First, the acceleration of political change in Eastern Europe has led the US to increase assistance for Poland and Hungary, despite initial concern about a hostile Soviet reaction. But acquiescence by Moscow in these changes - the Sinatra ("My Way") doctrine replacing the Brezhnev doctrine - provided reassurance.

Second, there have been growing contacts between top US and Soviet officials and military staff, and talk about an "evil empire" is out.

This process was cemented at the meeting in Wyoming in late September between Mr Baker and Mr Eduard Shevardnadze, the Soviet Foreign Minister.

This not only achieved advances on a wide range of arms control issues notably over the Strategic Arms Reduction Talks - but also established a closer understanding of the Soviet Union's economic problems.

A direct result was Mr Baker's two recent speeches, now in effect endorsed by the summit announcement. Mr Baker spoke of "an historic opportunity to make lasting improvements in US/Soviet relations. We have the chance to leave behind the post-war period with the ups and downs of the Cold War. We can move beyond containment to make the change toward better superpower relations more secure and less reversible. Our task is to find enduring points of mutual advantage."

Mr Baker focused on changes in Europe, resolving regional conflicts (where progress has been patchy), arms control and assisting perestroika by providing technical assistance. In his second speech he argued that uncertainty about the success of perestroika provided all the more reason to act now to reduce arms capabilities, particularly in the first strike area. His view was that, whatever one thought might happen, there was now an opportunity which should not be missed.

However, Mr Baker's speech went too far for some in the Administration. Vice President Dan Quayle reflected the views of many conservatives in arguing about the Soviet Union - "let them reform themselves. The US does not pin our hopes on one man. The Soviet Union remains our potential adversary."

Caution about Soviet internal prospects and external intentions has also been expressed by Mr Dick Cheney, the Defence Secretary, and Mr Robert Gates, the deputy National Security Adviser, whose speech was last week suppressed, or "delayed," at the insistence of Mr Baker. While the announcement of the superpower meeting explains Mr Baker's intervention, it still leaves the puzzle of why Mr Gates wanted to make such a speech now.

Mr Bush clearly feels that his meeting with Mr Gorbachev will answer the criticisms. Yesterday he talked of having "elected to remain very quiet in the face of a good deal of sentiment that we were missing an opportunity. And that hasn't perturbed us because we're going to see what we're doing in terms of the Soviet Union."

The meeting has been carefully arranged to avoid the problems of the unstructured and potentially disastrous Reykjavik summit of three years ago. Mr Bush stressed that the full summit, to be held in the US in about six months' time, will be concerned with arms control - both strategic and possible conventional reductions. The December meeting is therefore not intended to make agreements in these areas, but rather to discuss the next steps in changes in the Soviet bloc, perestroika and regional issues such as the Middle East and Central America.

The Bush Administration has moved since the President's inauguration last January in accepting the genuineness, if not the success, of changes in the Soviet bloc. In practice, it has committed itself to the success of perestroika.

Speculator held after 102-day hunt

By John Barham in São Paulo

MR Naji Robert Nahas, Brazil's most wanted speculator, is locked up in a São Paulo prison, appropriately located in front of a Finance Ministry building and close to the financial district where he made his fortune.

Police detained Mr Nahas on Monday afternoon after a 102-day search. The hunt began after Mr Nahas defaulted in June on \$31m debts to the stock market, provoking a 54 per cent collapse in share prices.

Mr Nahas is charged with various offences, ranging from share price rigging to smuggling foreign currency. In a brief note written in his

cell, Mr Nahas stated: "I am a victim." He said the identities "of the real manipulators will become clear" at his trial.

Brazil's equity markets will never be the same again. Market analysts believe that the frantic speculation that once dominated the local equity markets and led to Mr Nahas's fall are largely a thing of the past.

Ironically, operators are busy gearing up for business on the share futures markets that are to reopen soon. Mr Nahas once dominated these markets, which were at the heart of the speculative vortex. They were closed pending tighter new regulations.

Intense trading this year

pushed the Ibovespa index up by 115 per cent in dollar terms until the June 5 price collapse. But since then the index has fallen by 26 per cent. However, Mr Roberto Teixeira da Costa, a respected market observer, said: "We will only have less speculation when there is greater confidence in the currency."

Mr Nahas, born in Egypt of Lebanese parents, moved to São Paulo in 1970 and adopted Brazilian nationality. He gradually became the country's best known financial speculator. His stock and futures position was estimated at over \$500m at the time of the June collapse.

Supreme Court to hear pension insurance appeal

By James Buchanan in New York

THE US Supreme Court is to hear a complex case which could have big implications for the future of Federal pension insurance and be instrumental in deciding the fate of LTV, the third-largest US steelmaker.

LTV sought refuge in bankruptcy from its burden of pension liabilities. The Supreme Court justices agreed on Monday to hear an appeal against LTV from the Pension Benefits Guaranty Corporation, the Federal agency set up in 1974 to insure the pensions of employees. The court will decide whether Dallas-based LTV can be made to take back responsibility for its pension plans, which it shifted on to the Federal agency three years ago.

The plans, which cover about 100,000 retired and working steelworkers, are under-financed by about \$1.8bn. The agency became insolvent when LTV, freed of its biggest liability, negotiated a generous pension arrangement with its steelworkers. The pension agency has a deficit of over \$1.8bn.

In its appeal the agency said a recent appeal court ruling in favour of LTV threatened to turn the insurance programme into an "open-ended source of industry bail-outs." LTV has enjoyed stronger steel markets and is holding cash assets of more than \$1bn. However, it has been unable to emerge from bankruptcy because of the pensions uncertainty.

Argentina to ask creditor banks for 50% reductions in foreign debt

ARGENTINA will ask its creditors for a 50 per cent reduction on principal and interest on its \$60bn foreign debt and a cut in interest rates, Reuters reports from Buenos Aires.

Mr Carlos Carballo, Argentina's debt negotiator, was due to meet the country's bank and interest rate committee tomorrow in New York. Mr Nestor Rapanelli, the country's Economy Minister, said yesterday: "We will be asking for a reduction of about 50 per cent on both the principal and the interest arrears of the foreign debt."

"We will also ask for a reduction on the interest rates," Argentina has made virtually no payments on its foreign debt since April 1986 and has

filled up about \$4.4bn in interest payment arrears, according to official estimates. Last week Mr Rapanelli said any solution for the foreign debt would have to include a debt reduction scheme.

"The definite solution for the problem of the debt must inevitably foresee a substantial and realistic reduction of [the debt's] level on its interest rates," he told businessmen.

He said creditors should not expect Argentina to service its foreign obligations at the expense of stunting its output.

"The new debt resulting from negotiations must be directly linked with a rise in our exports, turning it into a lever for development instead of a millstone for its welfare," he said.

Argentina is negotiating a \$1.4bn standby loan from the International Monetary Fund. President Carlos Menem's Peronist administration began mending fences with creditors soon after he took office on July 8.

IMF and World Bank officials have praised his tough measures to redress long-standing Argentine economic problems of 300 per cent monthly inflation and a massive public sector deficit which is widely seen as the root of the country's high inflation.

Mr Menem managed to push the inflation rate down to 0.8 per cent in September and expects to keep it below 15 per cent for the whole of 1990 - a level unseen in the past two decades.

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AMERICAN NEWS

Candidates gloss over the unlovely aspects of the Garden State

New Jersey's gubernatorial campaign has failed to address local government issues, says Lionel Barber

MONEY has always talked in New Jersey politics, but rarely so insistently as in Atlantic City, the Babylon of the East Coast.

Four out of the last six mayors have been charged with official misdeeds. The present incumbent, with 18 other city officials, faces indictment by a grand jury on charges of taking bribes after a police undercover operation.

Election talk in Atlantic City begins, therefore, with next month's council races, but there is growing interest in the contest for the state governorship between two Congressmen, Mr James Florio, the Democrat and the clear front-runner, and Mr James Courter, his Republican rival.

The hot issue is whether the state should increase regulation of the casino industry, which arrived in the late 1970s promising to revitalise the city. Despite steady expansion and the arrival of Mr Donald Trump, the New York property developer, economic regeneration has barely moved beyond the boardwalk.

To date, the Florio-Courter race has failed to address the failings of local

government and its relationship with the powerful gaming industry. Instead, both men have waged the typical modern American political campaign: both vied out new taxes (though Mr Florio has left himself a little more wiggle room than Mr Courter); both insist on calling themselves "Jim"; and both spend vast amounts of money on negative 30-second TV adverts.

The environmentally-minded Mr Florio accused Mr Courter of failing to remove toxic waste tanks from a property jointly owned with his brother (the Republican says the tanks were left by a "midnight dumper"). Mr Courter has hit back with an advertisement which implied that his opponent was linked to the Mafia through union contributions.

Like Mr Courter, Mr Florio is an attorney by training. His speciality is consumer affairs and transportation, though he was also the co-sponsor of the Exxon-Florio amendment to the 1988 Omnibus Trade Law which toughened scrutiny of foreign takeovers of US companies engaged in sensitive military work. He is an

uneasy mix of starched-shirts, coiffured hair and a machismo born either of his humble upbringing (his father painted ships in the Hoboken yards after the war), or a fear that he could be a third-time loser (he lost the New Jersey gubernatorial race in 1977 and again, narrowly, in 1981).

Mr Courter comes across as more friendly, but less consistent in his political principles. A former member of the US Peace Corps (created by President Kennedy), he turned into a cast-iron conservative in the 1960s, aligning himself closely to President Ronald Reagan. Now, sensing the tides are shifting, he is promoting civil rights and watering down his opposition to abortion ("I'm not going to impose my views on the three and a half million women in the state of New Jersey").

The bickering between the candidates has done little to elevate the reputation of the Garden State which, after all, has produced national politicians of the calibre of Woodrow Wilson, Peter Rodino, and, today, Democrat Senator Bill Bradley and the outgoing governor, Mr Tom Kean, a

middle-of-the-road Republican whose British public school manner betrays a tough politician.

During Mr Kean's eight years in power, New Jersey enjoyed explosive growth, particularly in the suburbs and semi-rural areas. It doubled its budget to \$12bn and dramatically increased spending on education. A regional development plan for the state, the most densely populated in the Union, is also in its final stages.

More recently, Mr Kean, aided by a gritty state assemblyman by the name of Joseph Palia, passed legislation to take over the schools in Jersey City, where the high school drop-out rate is close to 50 per cent. The Jersey City takeover broke new ground, says Mr Palia, noting that some 250 people were on the teaching payrolls even though they had no teaching certification. "The whole system was politicised," he says.

The darker side of Mr Kean's legacy, however, is a likely budget deficit next year. Despite a low state unemployment rate (between 4 and 5 per cent), economic growth is slackening off, and some Congressmen predict

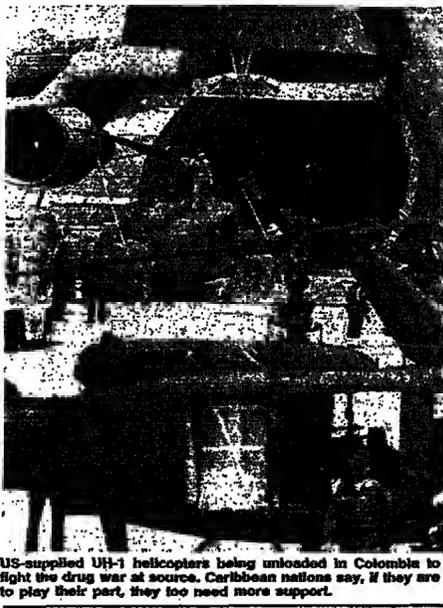
that the budget shortfall could reach more than \$500m next year, forcing the next governor to choose between new taxes or diminished public services.

The failure to raise taxes at state level has forced the municipalities to ratchet up property taxes to keep existing services going. This in turn has spawned candidates such as Mr Paul Kapalko, an attorney in Asbury Park on the northern Jersey shore, who are running on a property tax reform ticket. "People keep their lawns clean here, they don't take drugs, and they keep their property together," he says, "property tax reform is essential otherwise this area will be destroyed."

The next governor will have to address these pressing fiscal issues and broader questions of managing past economic growth. It is likely to be Mr Florio - despite signs of a late comeback by Mr Courter. The pity is that neither has given voters much idea how he intends to respond, preferring instead the kind of escapism more readily associated with the denizens of Atlantic City.



Florio: uneasy mix of starched shirts, coiffure and machismo
Courter: watering down his cast-iron conservatism



US-supplied UH-1 helicopters being unloaded in Colombia to fight the drug war at source. Caribbean nations say, if they are to play their part, they too need more support.

Caribbeans plea for funds to fight drug trafficking

Canute James examines efforts to combat increasing narcotics transshipment through the islands

Last month's conference in Kingston, Jamaica, on ways to combat the increasing use of the Caribbean for transshipment of narcotics from South America spawned a familiar and as yet unanswered question from a local delegate.

"How are we in the Caribbean going to find the money to do all of this. We are poor, yet we have to finance the fight against the traffickers and even if we succeed how do we find alternative sources of income for marijuana farmers and bagmen for the Colombian cartels?"

In three days of discussions, delegates from the Caribbean countries, Britain, France, Canada and the US did not address the issue directly. But the question represented a plea for the major narcotics consuming countries to do more to fund the war against drugs in the Caribbean.

"None of us in the third world know that we cannot make progress no matter how seriously we structurally readdressing some attention to debt

relief," said Mr Michael Manley, the Prime Minister of Jamaica, opening the conference.

"Equally we face the threat to our exports from protectionism. Both these problems are wrongly seen as affecting developing countries more than the international community. No such myopia is possible with drugs."

The US, Canada, Britain and other European countries have been contributing to or improving the efficiency of Caribbean enforcement agencies to contain the narcotics traffickers. This includes the upgrading of the small coast guard services of several islands and specialised training for policemen. But some governments have said that they need more help, and that the financial strength of the narcotics industry will overwhelm the region's efforts.

"The countries in the Caribbean have agreed to increase the amount of money being allocated for fighting the narcotics industry, but clearly this will still not be enough," concluded Mr K.D. Knight, Jamaica's security minister,

and chairman of the conference. "So the consumer countries - those which are more well-off - and international organisations will also be providing funds to deal with this problem."

There were, however, even fewer answers to debate on how to find alternative sources of income for those now involved in drugs; finding ways, in the words of one delegate, of getting a marijuana farmer who was being well rewarded for his illegal production, to change to producing less rewarding, but legal, tomatoes for his local village market.

"It is one of the big issues," said Mr Timothy Sainsbury, Parliamentary Under Secretary of State in the Foreign Office, who led the British delegation. "It is now accepted that there is a need for international assistance to governments to identify what can be produced for good markets."

"But this will not be easy because the nature of the problem has increased. Production is no longer for domestic consumption but for export. So it

seems that there is a need to identify alternative high value crops."

Mr Manley argued that the problem is compounded because peasant farmers who spent their lives producing coca and marijuana were likely to want to continue what they accepted to be a family tradition. Their children were being introduced to illegal farming at an early age.

"These families need help in adjusting after the eradication programme and in any event represent a huge potential source of passionate opposition to any anti-drug operation," the Prime Minister said.

There is, however, no clear indication of what direction this effort should take. During the conference several countries argued against crop substitution, preferring instead to seek non-farming alternatives.

There was a general acceptance that a change to other crops would still leave the farmer too close to the temptation of his former habit. It should be expected that he would easily give up his new tomatoes and revert to the

high value illegal crop.

But Mr Pierre Joxe, the Interior Minister of France, sounded a warning to his colleagues about concluding that income alternatives, even if successful, represented an end in itself.

"This question of alternative production must be addressed," Mr Joxe said. "The people producing coca and marijuana are mainly poor peasants, and they will continue growing this crop."

This problem cannot be solved only by police action, but clearly, police action is a necessary aspect of the fight against narcotics.

Some answers, perhaps, could have been obtained from Mr Norman Parks who did not attend the conference. Mr Parks, in his early 30s, lives in Murray Mountain District, St Ann Parish in northern Jamaica.

He used to be a marijuana farmer, but is now part of a programme financed by the European Community to develop alternative sources of income.

Mr Parks and several colleagues are being provided

with agricultural chemicals, seeds and extension services, and are producing beans, vegetables, and yams.

The farmers are also being given financial advice aimed at making them self-sufficient enough to ignore the attraction of marijuana.

Mr Parks said the change has made him feel "free and more relaxed," and that he was relieved of the threat of financial loss whenever his marijuana was destroyed by the police.

It may be too early to determine the value of the project, which has been going for about one year, and which is closely supervised. But Caribbean governments must be aware when they contemplate social problems such as unemployment, averaging 25 per cent in the region, that there is hardly any shortage of possible replacements for Mr Parks in the marijuana fields.

Similarly, they would not be surprised that there is an ample supply of the unemployed who are lured into transporting cocaine.



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WORLD TRADE NEWS

EC squares up to Gulf petrochemicals problem

Gulf producers seek special treatment, but Europe's industry has other ideas, Andrew Gowers writes

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Salonica, October 23rd, 1989 By order of the board Charlotte J. Spaventa Director

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AFTER years of shadow-boxing with the monarchies and sheikhdoms of the Arabian peninsula, the European Community is preparing itself to face a question that some of its members wish would go away.

It boils down to this: does the EC really want to establish a free trade area with the six-nation Gulf Co-operation Council (GCC), and is it prepared to override fierce opposition from the powerful European petrochemical industry to achieve such an agreement?

It is a question that raises a host of important issues beyond trade, ranging from the security of political relations and strategic co-operation between Western Europe and the Arab Gulf states to European worries about the security of its oil supplies in the coming decade.

In the next few weeks, the EC Council of Ministers will be holding intensive discussions on the Community's negotiating stance in talks on a free trade agreement that are supposed to get under way next year.

Trade frictions between the EC and the GCC, a political grouping which aims to foster closer economic and political ties between Saudi Arabia and

its smaller Gulf neighbours, have been simmering just below the surface for several years as a result of an increasing flow of basic petrochemical exports from Saudi Arabia.

The kingdom, taking advantage of plentiful natural gas previously flared off as a by-product of oil production, has invested billions of dollars in a network of modern plants which can now produce around 5m tonnes of basic petrochemical products and 800,000 tonnes of fertilisers a year.

Since the early 1980s, the Saudis have been agitating against the sizeable duties its exports attract on entry to the European Community under the Generalised System of Preferences.

Up to now, the EC's response to suggestions of a free trade area has been distinctly unenthusiastic, partly thanks to vociferous lobbying against the idea by European petrochemical producers.

All the two sides have been able to do so far is agree a compromise, signed in June 1988, in which the GCC accepted a relatively ineffectual Economic Co-operation Agreement in return for an EC promise to embark on negotiations for a more substantial trade accord "without delay."

The delay has, in fact, already been significant. Last month, however, the European Commission presented ministers with a draft negotiating mandate calling for the gradual elimination of customs duties during a transitional period which varies from product to product, but to the case of the most sensitive petrochemical items lasts a full 16 years.

That is only the beginning of a long process of haggling between EC governments, some of which will certainly want to stiffen up its terms, and with GCC negotiators.

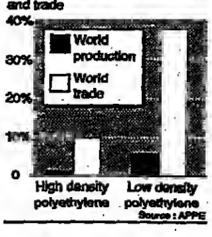
Given that the vast bulk of the GCC's \$10bn-worth of annual sales to Europe consists of oil and petroleum products, which are imported duty-free, the proportion of GCC exports likely to be affected by a free trade pact is relatively small.

But the significance of a free trade area for the GCC is as much psychological as practical. The Saudis attach tremendous importance to building an industrial base enabling them to diversify exports beyond crude oil, and take European tariffs almost as a personal slight.

More than that, GCC officials affirm that an accord would constitute a formal recognition

Saudi petrochemicals

as a proportion of world production and trade



Source: IAPPE

by Europe of the political importance of their group at a time when the Gulf states are nervous about Europe turning to on itself in the run-up to 1992.

Not far from the surface is a demand that the Gulf states should receive at least equal treatment, as does Israel, which already has a substantial trade accord with the EC.

"There is frustration at the slow progress and concern that Europe is not attaching as much priority as it should to the GCC," said a senior Kuwaiti official recently. The EC has been trying to

demonstrate its sensitivity to these concerns. All of the 12 ECs to talk about the strategic importance of the GCC; they are all likewise aware that a handful of Gulf producers are likely to regain the whip hand to the world oil market some time in the next 10 years, and that Europe badly needs to guarantee stable access to Gulf supplies.

Some member-states also have hefty commercial interests at stake, especially in Saudi Arabia, now a huge arms market for Britain and France.

"Let's face it: all this talk about a free trade area is basically about arms deals," said one jaundiced industry representative.

The nub of the problem remains petrochemicals, and to a lesser extent oil refining and aluminium (the GCC has a growing aluminium industry relying on cheap energy).

The EC agreed to the idea of a trade agreement only on condition that it would not undermine efforts to restructure the Community's oil refining and petrochemical industries.

But it is precisely this aspect that European producers are now beginning to raise. The EC industry - grouped in the Association of Petrochemical Producers in Europe (APPE) - fiercely denies that

it is simply clamouring for protection against foreign petrochemicals produced with cut-price feedstock. Member companies do, however, complain about the marketing tactics of Saudi Basic Industries Corporation (Sabic), the parastatal company which owns the kingdom's petrochemical plants and which is already responsible for some 30 per cent of EC imports. They worry about the possible job losses in Europe that might result from a much-heralded "second wave" of investment in Gulf petrochemicals.

More fundamentally, the European industry argues that however long the transitional period, a free trade area will in fact distort trade by providing more favourable terms for Gulf exporters than are available in their other main markets, the US and Japan. Their preferred option is the drawn-out one of working towards freeing trade in petrochemicals in the Uruguay round of the General Agreement on Tariffs and Trade.

But then, such an approach would scarcely meet the GCC's desire for special treatment. Before that wish is fulfilled, the two sides are clearly in for a long and potentially acrimonious negotiation.

EC ready to discuss rules of origin

By Lucy Kellaway

THE European Community yesterday stated its willingness to discuss the contentious matter of rules of origin within the Uruguay Round.

Mrs Christine Scrivener, commissioner responsible for rules of origin, said the EC would like to see GATT adapt recognised international principles on the rules. She countered criticism that the EC has been using its rules of origin as a protectionist measure.

The Community had a clear set of rules which it had applied and interpreted in a technical and neutral manner for many years.

Mrs Carla Hills, US Trade Representative, has frequently attacked the EC rules. Mrs Scrivener said the EC would welcome discussion, arguing that as a major trading bloc, it would gain from a standard system for determining rules of origin. The discussions would cover non-preferential arrangements.

Row looms over ECGD backing for R-R engine sale

By Peter Montagnon, World Trade Editor

A POTENTIAL row is looming between Britain and the US over support granted by the Export Credits Guarantee Department for the sale of Rolls-Royce engines to American airlines.

The US discreetly queried the involvement of ECGD around a month ago in financing the transaction, and officials say they are not satisfied with the response they have received.

The use of an ECGD guarantee to enhance credit on the sale amounts to an indirect

government subsidy and is likely to lead to pressure for involvement of the US Export-Import Bank on similar deals, they say, and in the end would lead to costly and escalating subsidy battles.

Official export credit agency funding for aircraft sales between leading industrial countries that also manufacture aircraft is undesirable, they add. This was an important issue in the current negotiations over the sale of engines to equip last year's American Airlines purchase of 75 Boeing 787 air-

craft. But it said that the loan in question was at market rates. No subsidy was involved and it was fully in keeping with the OECD rules.

The dispute, which some see as an extension of the existing transatlantic row over Airbus subsidies, comes at a difficult time for the ECGD.

It is facing domestic political pressure over the large losses it has incurred on long-term export credit guarantees as a result of the developing country debt crisis. In response, it

has been trying to trim up extra commercial risk business in the industrial world to balance the heavy concentration of its guarantee portfolio in difficult developing country markets such as Nigeria.

There is no substance to GE's complaint, a spokesman for the Department of Trade and Industry said.

US officials say they are unlikely to leave things at that. "We are not going to let this be a forerunner," said one, but declined to specify the next US move.

Baker hopes to advance Pacific Rim co-operation

By Lionel Barber in Washington

MR JAMES BAKER, US Secretary of State, departs for a week-long trip to Australia today, during which he will seek to advance progress on a new Pacific forum for political and economic co-operation.

Senior ministers from the 12 core members who include a weak Australia, South Korea, New Zealand and the six-strong ASEAN countries, are to meet in Canberra on November 6-7 to discuss how best to proceed.

The Asia-Pacific region has the world's most dynamic economic growth, with the 12 largest economies of the region now accounting for 24 per cent of world output. This is roughly equal to that of the US.

Last year, trans-Pacific trade totalled \$280bn (£175bn). A senior State Department official said the Pacific Rim initiative was a "major strategic goal" of the Bush Administration, although he acknowledged that some of the countries involved remain sceptical.

The official played down the idea that the aim of the talks was a response to increasing European economic integration.

The senior US official, briefing reporters ahead of the

Baker trip, said the ministers would attempt to forge common ground on the current Uruguay Round of the General Agreement on Tariffs and Trade.

They would also seek to identify specific opportunities for regional co-operation in telecommunications and research and development.

"We are trying to move a fragile process forward," the official added.

As a tactical goal, the US hoped to reach agreement on at least one, possibly two, further ministerial meetings in an East Asian capital in 1990.

Washington also would like agreement on a "mechanism" to prepare for such meetings. An Australian proposal for an OECD-style ministerial secretariat has already been rejected.

During his trip, Mr Baker will also hold bilateral talks with Australia on economic and military co-operation, including joint operating agreements at the intelligence base of Pine Gap and the early warning system at Nurrung.

Mr Baker will be accompanied by Mr Richard Cheney, US Defence Secretary, Mrs Carla Hills, US Trade Representative, and other top officials.

Danish truckers head for Luxembourg

By Hilary Barrow in Copenhagen

DANISH trucking companies are setting up in Luxembourg to flee high vehicle tax and wage costs in their own country, and improve their competitive position in preparation for the liberal market.

Three of the country's largest trucking companies plan to start operations in Luxembourg in the New Year, including LS Lejars, of Aarhus, which is Denmark's largest operator of tankers, with 85 tankers and trailers.

LS Interbank's owner, Mr Lemart Sorensen, said he can save about DKK100,000 (£24,744) a year per truck in vehicle taxes and wage costs by operating out of Luxembourg. He has applied for registration of five tankers to Luxembourg.

ES Spedition and H.P. Therkelsen, two other large trucking companies, both operating from Denmark, have set up Luxembourg companies and plan to start operating from there in the New Year.

The vehicle tax in Luxembourg will run to DKK5,000 a year per truck compared with DKK33,000 in Denmark, said Mr Sorensen. The difference in wage costs reflects the high Danish income and payroll taxes, he added.

Two years ago several Danish coach operators set up in Luxembourg to avoid high Danish vehicle taxes. As a result, the government cut the Danish tax substantially.

Moscow seeks \$1bn-worth of personal computers

By Delta Bradshaw in Moscow

THE SOVIET UNION is studying a proposal to import \$1bn (£625m) worth of personal computer equipment for use in its educational establishments.

The proposal would make a sizeable hole in the country's hard currency coffers, one of which the government spends between \$5bn-\$7bn a year on food.

One of the aims of the proposed scheme is to defuse the frustrations which have led to a burgeoning black market for personal computer hardware, said Mr Vitali Boyko, one of the committee heads at the Soviet State Committee of Science and Technology.

The soaring demand for scarce personal computers has swollen the Soviet crime rate, and personal computer owners have even been murdered for their machines, Mr Boyko declared.

The most conservative Soviet estimates say it would take between 20m-30m personal computers to satisfy the pent-up demand in the foreseeable future. But in the current five-year plan, which will run until 1990, the Soviet Union is producing only 1.1m machines, most of which are low-powered models for use in schools.

The latest import proposals have been put forward in a report compiled by three leading technical research institutions in the Soviet Union, including the Systems Studies Institute in Moscow, at the behest of the Soviet government.

It will be up to 18 months before the decision on whether to go ahead is taken. The Soviet scheme, if implemented, would buy about 500,000 IBM-compatible machines to be imported. Up to 70 per cent of those are expected to be IBM XT-type computers, with the balance made up of the more sophisticated AT and PS/2 compatible models.

Louise Kehoe adds from San Francisco: The Soviet Union's growing appetite for personal computers has raised cautious interest among US personal computer manufacturers. Several US computer companies have been approached by Soviet trade representatives to recent months, according to industry executives.

In most cases, however, the Soviet Union has declined to negotiate barter deals, involving the swap of US-made computers for Soviet software or other products, rather than cash transactions.

Soviet trade officials have also sought to establish personal computer assembly or manufacturing operations within the Soviet Union, through joint ventures with US computer makers.

Despite recent liberalisation of US export control regulations covering the sale of personal computers to the Eastern Bloc, personal computer export licences applications continue to be closely scrutinised by US government officials, and in some cases have been rejected.

Fujitsu inquiry over Y1 bid

By Robert Thomson in Tokyo

FUJITSU of Japan, which won a contract for a computer system with a bid of just one yen, has attempted to withdraw the bid and is under investigation by Japan's Fair Trade Commission over whether the offer was improperly low under anti-monopoly laws.

The case is highly embarrassing for the Japanese Government, which has been condemned by the US and other foreign governments for tacitly approving artificially low bids for public contracts by Japanese companies.

In this case, the contract was for a new computer system for the Waterworks Bureau of Hiroshima, which had expected that the system would cost about ¥11m (£69,000).

Three companies bid from ¥300,000 to ¥500,000, and

another four companies bid from ¥10m to ¥30m, but Fujitsu, with its ¥1 bid, won the tender late last week.

Hiroshima city officials said they were "shocked" by the low bid, but accepted it, and are now reluctant to re-open bidding for the contract.

The Fair Trade Commission said yesterday that Fujitsu and Hiroshima government officials will be questioned, and a commission official said that "a ¥1 bid is close to a free service and far from the costs". Commission officials visited the offices of the Hiroshima bureau yesterday, and took away documents relating to the contract.

After hearing that Fujitsu wanted to withdraw its bid, Hiroshima officials announced they would not nullify the offer

until after the commission had advised them of the legality of the contract.

Fujitsu officials say the bid was socially unacceptable, but had earlier argued that it was no different to those between ¥500,000 and ¥500,000, which were also well below the expected cost.

Other Japanese cities have plans to introduce similar computer systems, and the low-bidding companies apparently wanted to get the front-runners for later contracts by winning the Hiroshima commission.

US trade officials have complained that artificially low bidding restricts opportunities for foreign companies, which are unable to offer such low prices.

Swedes share Florida train deal

A CONSORTIUM controlled by subsidiaries of Asea Brown Boveri, the European electrical engineering group and CILSS Inc, one of the largest design and construction companies in the US, has been given the go-ahead to carry out further

work on a \$2.5bn (£1.5bn) 300-mile high-speed train system in Florida. Robert Taylor reports from Stockholm.

Both companies hope that the acceptance of their application yesterday to build the project, by Florida's High

Speed Rail Transportation Commission, will lead to their being awarded the franchise in 1991. The proposed rail link between Miami, Orlando and Tampa will be the first 150mph high-speed rail system in the United States.

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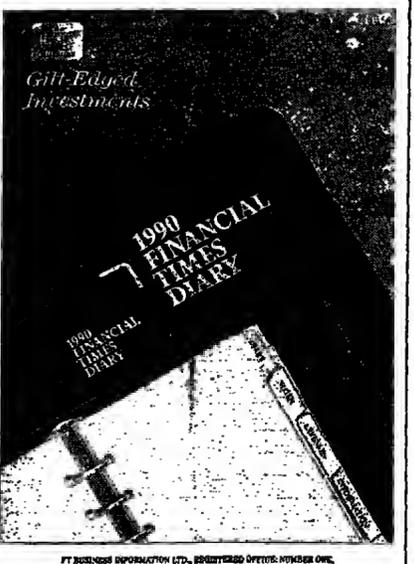
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UK NEWS

Cash limits 'may force cuts in health services'

By Alan Pike, Social Affairs Correspondent

NINE OUT OF 10 health authorities are being forced into remedial action to stay within cash limits in the current financial year, largely because inflation has exceeded government estimates, according to a survey by the National Association of Health Authorities.

In some cases this action will include cutting services, while nearly a quarter of all authorities plan to scrap or defer proposed developments in services.

The survey also shows that health authority managers believe they will need almost £1.6bn extra in the next financial year to cover expected levels of inflation and to finance service developments.

Government financial allocations to health authorities for 1989-90 were made on the assumption that National Health Service (NHS) inflation would be 5 per cent.

The survey shows that increases in the pay bill - which consumes three-quarters of most authorities' budgets - have in fact been nearer 8 per cent, while by July other health costs were rising at an annual rate of 7.3 per cent.

A total of 94 per cent of health authorities, according to the survey, have always regarded the Government's 5 per cent inflation projection as over-optimistic and set aside a total of £143m at the beginning of the year as an inflation reserve.

However, the survey shows that authorities will have to take several other measures to remain within cash limits - 15 per cent are planning to reduce services, 23 per cent to delete or defer development plans, 20 per cent to increase creditors and 12 per cent plan to raise money from the sale of land or buildings.

The survey asked health authority managers what inflation predictions they were using in planning for the next financial year and it found a "high degree of consensus" that inflation would average 7.4 per cent. This would suggest that next year's funding should be 51bn higher than this year.

Mr Kenneth Clarke, Health Secretary, said yesterday that the resources available to health authorities this year had grown by the equivalent of 4 per cent above inflation.

Chemical waste disposal runs foul of local opinion

Peter Marsh looks at Rechem's Welsh plant, one of Europe's most controversial industrial operations

KEN and Shirley Caldwell live in what appears a dream house - a cottage close to the rolling hills of South Wales with a stream at the bottom of the garden.

A few hundred yards from the cottage, its chimney just visible above trees, is a large plant for destroying chemical wastes. Recently it has become one of Europe's most controversial industrial operations.

The plant, on the outskirts of Pontypool, is run by Rechem, a specialised and highly profitable waste-disposal contractor. It is geared to the high-temperature incineration of one of the problem materials of the 1980s - toxic chemicals called polychlorinated biphenyls (PCBs).

The plant, which opened in 1974, roasts wastes to more than 1,000 deg C in a large oven to break down hazardous materials into innocuous by-products. There are about 70 large incinerators in the world capable of burning PCBs but Rechem has a near-monopoly on treating large PCB-contaminated pieces of metal, such as transformer casings.

This near-monopoly has allowed the company to charge high prices and build up a lucrative business in importing PCB wastes from places such as Australia, Canada and continental Europe, where fears about PCBs have turned their disposal into a leading environmental issue.

Rechem's pre-tax profits for the year to the end of March doubled to \$3.7m on sales of \$13m. The company is expected to announce today a further profits rise in the first six months of 1989-90.

However, the good times for the company commercially have coincided with continual criticism of its Pontypool installation. The critics include Torfaen Borough Council and local residents such as the Caldicotts. They complain that the smell from the plant is a nuisance, that it uses out-dated technology and that there is a potential health hazard because of the possible leakage of PCBs into the environment. All these claims are strongly denied by the company.

The arguments show few signs of resolution, despite an announcement this week by the Welsh Office that its scientists could find no traces of PCB contamination around the plant. But some residents remain unconvinced about the plant's safety since the Welsh Office has not given details of its findings.

Such sentiments cut little ice with the 100 or so employees. One operator, who has worked at the site for more than 10 years, says local objectors do not listen to reason.

Mr David Wheeler, Rechem's operations director, is in charge of the Pontypool facility. He said that complaints about odours were "highly exaggerated" and the plant operated in accordance with government guidelines. He pointed to air monitors around the plant which routinely collect data about any contaminants entering the atmosphere. He said the monitors had so far given no cause for concern.

Mr Wheeler also said that Rechem had invested heavily in sophisticated scrubbing systems designed to remove any hazardous materials from



The Rechem Pontypool plant

gases produced in the combustion operations. "You can't say anything is 100 per cent safe because that is not practicable. But we are sure the plant is as safe as we can make it."

The arguments about the Pontypool plant fall into two areas: PCBs themselves and the technology used by Rechem to get rid of them. Only about 1,500 tonnes of the

30,000 tonnes of hazardous waste that the Pontypool plant burns each year (a quarter is imported) are pure PCBs - oily liquids mainly used as fluid inside transformers and capacitors.

A further 5,500 tonnes burned each year consist of PCB-contaminated solids, including the large casings - of ten 1.2 metres in diameter, which have to be disposed of after PCBs have been drained out.

PCB manufacturing, which reached a zenith in the 1960s, has stopped in most countries because of suspected health hazards. However, because the materials are mostly non-biodegradable, virtually all the 1m tonnes or so the world has produced remain in the environment or in operating equipment.

It is thought that about 400,000 tonnes are locked up in the environment - in the air, in the oceans and in soils and sediments.

The problem for scientists attempting to monitor PCB contamination around the Pontypool site is that there are background levels of PCBs in the environment.

Critics of the Pontypool plant have found levels of up to 600 parts per billion in duck eggs taken from near the installation and high concentrations in vegetation samples. The inference is that the chemicals may have leaked either from wastes transported to the site or via gaseous emissions.

Rechem's own scientists say they have found similarly high levels in places far removed from PCB manufacture or disposal. Moreover, the concentrations appear to be increasing - possibly as a result of a rise in

global levels of PCB contamination, which have been established through independent scientific study.

With arguments about PCB contamination around the Pontypool plant seemingly difficult to resolve, the discussion has also focused on the mid-1970s technology used by Rechem at the plant. Most of the 70 or so large PCB incinerators in use worldwide are rotary cylinders, built in this decade, into which solids are put for burning via a double-door system which uses an air lock.

The Pontypool facility is a static incinerator with a single-door system. This makes it more flexible, easier to operate and capable of taking the very large pieces of metal which cannot generally be disposed of elsewhere. In countries such as the US and West Germany, transformer casings are usually drained of PCBs and stored in special landfills - any residual PCBs are left on the metal.

Mr Wheeler said that the Pontypool plant, although safe, was not ideal from an operational point of view - if it were rebuilt from scratch it would combine a static incinerator with a more modern rotary system, so that it could deal more adequately with a mixture of wastes.

Critics say the more modern double-door system involves fewer safety risks.

To some degree, the arguments are academic. Mr Wheeler said that even if it wanted to build one of the more modern rotary systems at Pontypool the strength of local feeling would mean the company would be unlikely to win planning permission.

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NatWest to launch electronic trading plan

By Hugo Dixon

EUROPE'S first system to combine electronic trading and payments is to be offered early next year by National Westminster Bank, one of the top UK clearing banks.

The new service will be able to send orders to their suppliers, receive invoices and then pay for the supplies via computer, without having to send a single piece of paper.

The service is evidence of the growing maturity of the UK's electronic trading market. About 2,500 British companies use electronic trading for sending orders and invoices - more than the rest of Europe combined - and the market is doubling each year.

NatWest's service is being offered in conjunction with International Network Services (INS), a leading supplier of electronic trading services. Companies using the INS network for electronic trading will be able to use NatWest to complete the payment side of transactions.

NatWest said that electronic payment was a natural extension for companies already using computer links for ordering and invoicing.

Asda, the supermarket chain, and Rowntree, the confectionery manufacturer, are interested in the system.

The service was one of several initiatives to expand electronic trading across Europe were announced yesterday at EDI '89, the UK electronic trading industry's annual conference. INS said it would offer a service in the Republic of Ireland in association with Telecom Eireann, the telecommunications operator.

Meanwhile, Istel, Britain's other leading supplier of electronic trading services, announced that it was setting up a rival service with the Irish Post Office.

It also plans to set up an electronic trading service in Spain with Telefonica, Spanish telecoms monopoly, and in Benelux with East, a Dutch computer services company.

There was also speculation that British Telecom would start providing electronic trading services in the UK next year through Tymnet, a US-based telecoms service company which it is in the process of acquiring. In the mid-1980s, BT launched an electronic trading product in association with Tymnet but withdrew it because of lack of interest.

Student loan scheme faces renewed offensive

By David Goodhart in Bonn and David Thomas in London

PRESSURE on the British Government to drop its controversial student loans proposals is likely to mount as a result of the decision by West Germany to modify substantially its student loan scheme.

British ministers have repeatedly pointed to the widespread adoption of student loans overseas to justify their proposal for a new scheme in the UK from 1990.

The British loan proposals have been strongly opposed by the National Union of Students and the Labour Party and have generated concern among the financial institutions who are expected to administer the scheme.

The NUS said last night that the West German experience was exactly what it had predicted would happen in Britain if the loan scheme went ahead.

The West German Government has now been forced to reform substantially its loan scheme introduced in 1983 as a result of various unintended side effects, in particular a further lengthening of the already long study period and its disincentive effect on students from a poorer background.

The West German authorities have decided to turn a large part of the loan into a grant and to raise substantially the parental income threshold below which students are entitled to financial assistance.

From next autumn the monthly loan will rise to DM650 (200) and will be only 50 per cent repayable. Currently, the entire loan must be repaid, with heavily subsidised interest rates, some years after graduation.

Raising the parental income threshold from a gross monthly income of DM500 to DM6,200 (and even higher if the student remains at home) will raise the number of students qualifying for the half-loan, half-grant by about 30 per cent to 425,000.

There are almost 1.5m students in Germany. Currently it is estimated to cost about DM85,000 to pass through a German university.

The new package for students will cost the Government an extra DM650m. It follows a recent crash programme of university renovation, at a cost of DM2bn, to help deal with the severe overcrowding in some universities.

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UK NEWS

Union deal will decide GM site for engine plant

By Michael Smith, Labour Staff

GENERAL MOTORS has given unions a fortnight to agree radical changes in working practices at its Vauxhall plant at Ellesmere Port on Merseyside as a condition of building a European engine facility there.

GM made clear to union leaders that their failure to reach a deal within two weeks is likely to result in striking the \$200m plant for a new range of executive car engines elsewhere in Europe.

is in competition with Kaiserslautern in West Germany as a site for GM's planned V6 engine facility. Union leaders are confident that Ellesmere Port will be selected provided the company can get the assurances it wants on changes in working practices.

The changes Vauxhall wants would involve employees working in integrated teams and to agree to an erosion of demarcation barriers. It also wants union agreement on single-tariff bargaining under which all three unions - the IGWU general workers' union, the AEU engineering union, and the EETPU electricians' union - would negotiate together on pay and conditions.

While taking a strong stance on the pay issue, the unions fear that the future of the Ellesmere Port plant could be at risk if they fail to reach agreement on the changed working practices. They believe that about half a dozen European car plants could be closed down by the mid-1990s as a result of the move towards larger manufacturing facilities and the integration of the European market.

Changes worry the junior markets

Richard Waters says USM will be a pattern for new trading bodies

THE UNLISTED Securities Market (USM) has been one of the London Stock Exchange's greatest successes in recent years. In contrast, it is accepted by most of those involved that the Third Market has been a flop.

Little wonder, then, that yesterday's proposals to restructure the Stock Exchange's markets were presented as a new lease of life for the USM, with the Third Market ignominiously folded into it.

The changes are prompted largely by European Community (EC) law but also bear the hallmarks of an attempt by the Stock Exchange to restructure its three-tier market to take account of experience.

The EC's Mutual Recognition of Listing Particulars, due to become law on January 1, provides that a company which obtains a listing in one member state can gain a listing in any other state using the same listing particulars.

The directive also lays down the minimum requirements - for instance, a three-year trading record, compared with the five years currently required in London.

From London's point of view, the danger is that continental European companies would be able to gain a listing in London by meeting less stringent criteria than UK companies. Also, UK compa-

nies might choose to be listed elsewhere.

The London Stock Exchange is proposing that companies coming to the main market will need to show a trading record of three, rather than five, years while those going to the USM will have to show a two-year record. The Third Market will be closed after a year, although existing Third Market companies will have easier entry than others to the USM.

The new combined junior market has a lot to live up to. The USM has nurtured more than 760 companies, many of which might not otherwise have been able to find a public market for their shares. Of these, 132 have been taken over and more than 430 remain.

The Stock Exchange claims that the new USM will be every bit as attractive as its predecessor. It said consultations with bodies representing USM companies suggested that most companies would stay with the market rather than opting to move up to the main market.

Concerns remain, however, that the quality image attached to USM status will be diluted. The requirement to produce only two years of trading records worries some analysts.

Mr Geoff Douglas, director in charge of USM research at Hoare Govett, the brokers, said he would have preferred the three-year trading requirement to be retained but he was relieved that the Stock Exchange decided against a one-year rule.

Mr Brian Winterlood, managing director of Winterlood Securities, specialist small company market makers, was also concerned by the two-year rule. "It must mean it devalues the USM quote," he said.

A further concern is the "virtual grandfathering" of Third Market companies or the waiving of certain requirements for USM membership. The 64 companies that comprise the Third Market will not have to produce full financial particulars when applying to join the USM, making it easier for them to join the market than for other companies.

In addition, the USM will take over the Third Market's role of providing a market for green-field developments.

Mr Douglas said: "If suddenly there is a flood of Third Market-type issues, I would be very concerned indeed." The downgrading of the USM would leave many companies with little option but to move up to the main market.

The Stock Exchange claims that the USM will retain its

strong position because of its main attraction: the relative freedom it allows companies to organise takeovers. They are largely relieved of the requirements for shareholder approval which apply to companies on the main market.

Until now, USM companies have needed the consent of shareholders only if they planned to take over another company with net assets at least as great as their own, although the Stock Exchange's quotations department has varied this rule depending on circumstances. The consultative paper proposes that the requirement for shareholder approval be triggered if the target's net asset value represent at least 75 per cent of the acquirer.

In spite of this amendment, it remains far easier for acquisitive USM companies to operate than their counterparts on the main market. The need for shareholder approval on the main market is triggered when an target company's assets are more than 25 per cent of the acquirer's. This is a ruling some companies have tried to circumvent, most imaginatively by putting brands into their balance sheets to boost their own net asset value.

This concession, however, may not be enough to ensure the long-term health of London's junior stock market.

Electricity industry abandons plans for wholesale market

By Max Wilkinson, Resources Editor

THE ELECTRICITY industry has abandoned plans for a network of detailed contracts and a wholesale power market as the basis for privatisation next year.

Instead, it has opted for a simpler, administered system much closer to that now used in the nationalised industry for distributing power from the Central Electricity Generating Board to the 12 area boards.

The proposed system, yet to be approved by Mr John Wakeham, the Energy Secretary, will be run by the National Grid Company which will determine a single wholesale price every half hour for all electricity sold south of Scotland. This will be superficially similar to the present bulk supply tariff.

The denationalised area boards will be allowed to pass this cost straight through to consumers. Consequently, the Government will have to abandon its idea of spurring the area boards to good performance by forcing them to compete against a common "yardstick" of costs.

The idea for yardstick competition, envisaged in the draft regulations published last year, was based on the assumption

that area boards would each hold dozens of contracts for the supply of power from different power stations. But their prices to consumers would be linked to the average generation cost for the whole system. Boards which bought cheaply could therefore make extra profits, those less fortunate would be squeezed.

Under the new system, however, the new National Grid company will simply allocate power to the boards as they need it, charging them all the same price, which will be passed back to the two main generating companies, National Power and PowerGen.

This price will consist of two elements: the fuel cost of the most expensive generating set actually being run in any half hour and a charge based on the grid's assessment of the risk of a blackout.

In the longer term, its proponents say the system could develop into a genuine spot market, but it will not start as one.

The new system reflects Mr Wakeham's determination to force the industry to adopt a privatisation scheme which is "do-able" within his strict electoral timetable.

Lawson stuns House with description of split over EMS

By Simon Holberton, Economics Staff

MR NIGEL LAWSON, the former Chancellor of the Exchequer, last night stunned the House of Commons with an account of his resignation and of his differences with the Prime Minister about full British membership of the European Monetary System.

In what he described as "not an easy speech for me to make" Mr Lawson told a hushed Commons that for Cabinet government to work properly the Prime Minister, who appoints ministers, should let them carry out policy.

When differences presented themselves, they should be settled privately and collectively, he said.



Lawson: 'not an easy speech' But its operation would face fewer practical difficulties than it experienced in a period of floating exchange rates.

The article written by the Prime Minister's former economic adviser was of significance only in as much as it represented the tip of a singularly ill-concealed iceberg with all the destructive potential that icebergs possess.

He said that no one lightly gives up a great office of state such as the Chancellorship. "It was not the outcome I sought, but one that I accept without rancour despite what might be described as the hard landing involved."

Mr Lawson made it clear that Britain's entry into the EMS was at the centre of his disagreement with Mrs Thatcher. He said Britain's role in Europe would be enhanced by full EMS membership and it would also bolster the Government's campaign against inflation.

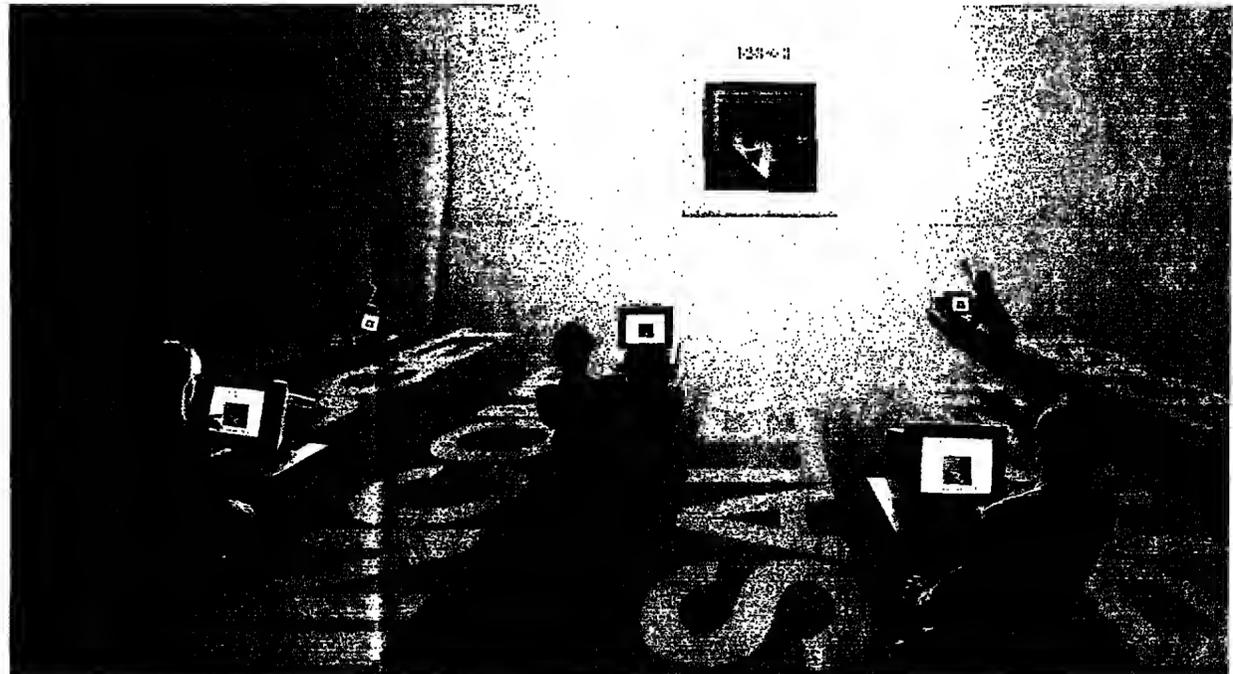
He contrasted two views of the exchange rate: that it should be allowed to float freely or be a part of the essential necessary financial discipline for the management of the economy.

He said he could understand arguments for and against, but there was "no case for seeming confusion or apparent vacillation between these two positions."

Mr Lawson's position was that the exchange rate was an essential element of financial discipline; that currency stability was an economic benefit.

He said EMS membership was not a soft option or panacea for the conduct of policy.

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MANAGEMENT

Development aid

Sugaring the pill of funding in Ethiopia

Peter Montagnon explains how Booker/Tate pulled together international contributions to get an ambitious project off the ground

The shortage in Africa is not of cash; it's actually of good projects. So says Peter Cheshire, marketing director of Booker/Tate, a joint venture of Tate & Lyle and the Booker Group.

Such a remark may seem little more than idle provocation for most international companies that are nowadays inclined to ignore Africa for what they perceive as its inability to pay for new infrastructure projects. But Cheshire is a man who knows what he is talking about.

Booker/Tate was recently formally appointed as project manager for a \$200m sugar estate in Ethiopia, the first sugar estate of any size to be established anywhere since 1982.

Raising the cash for the project has taken three hard years of negotiation with multilateral development banks and national aid agencies. It was, in Cheshire's words, an "unconventional" effort that by-passed entirely the commercial and investment banks which normally expect to be involved in international project finance.

Instead it was a question of carefully packaging the venture so that it could be sold direct to official financing agencies while carefully nurturing a close but not overbearing relationship with the Ethiopian government.

The result is an object lesson in how companies seeking new business in sub-Saharan Africa can avail themselves of some of the \$12bn in official aid from industrial countries which flows to there every year.

The Booker/Tate project involves the establishment of an estate in the Fincha Valley some 200 miles west of Addis Ababa. Eventually it will pro-

duce 125,000 tonnes of sugar, all for domestic consumption, but it also requires an ancillary infrastructure of roads, schools, water supply and housing for 30,000 people. Around \$18m of the total cost is being financed in hard currency.

The history of the project goes back more than 10 years when Tate & Lyle first carried out a feasibility study paid for by the African Development Bank.

Then for a long period the idea lay dormant after the Libyan leader, Colonel Muammar Gaddafi, first extended and then withdrew an offer of finance in connection with his unsuccessful attempt to be elected chairman of the Organisation of African Unity in 1983.

It was only at the International Monetary Fund annual meeting in Washington in 1986 that financial negotiations resumed again in earnest, and by then the odds seemed stacked against the deal.

Though Ethiopia has not re-scheduled its debts, the creditworthiness of all Africa had been called into question by the debt crisis in developing countries.

The World Bank, which had looked at the project in its earlier stages, was reluctant to finance Ethiopia because it had refused to pay compensation for nationalising a number of international companies. It was also worried about Ethiopia's farm price policy (since changed) and took a generally negative view of both sugar and irrigated agriculture projects.

But Booker/Tate found that the African Development Bank (ADB) with its soft loan arm, the African Development Fund, took a more positive approach, based on what



Sugar cane harvesting now a real prospect at Fincha Valley



Peter Cheshire: three years of negotiation and a positive approach from the African Development Bank

Cheshire describes as his knowledge of regional conditions.

It was prepared to accept the argument that the project would make a positive contribution to Ethiopia's development even though it would never generate foreign exchange and did not even involve import substitution since the country imports no sugar.

Among the development arguments were the creation of new jobs and housing, the transfer of technical knowledge and skills, and a medical argument that average consumption of sugar in Ethiopia was lower than it should be in a country where diarrhoea is endemic.

Raising the domestic supply of sugar made economic sense because, despite low world prices, the cost of transporta-



tion makes importing prohibitively expensive.

Armed with the support of the ADB, Booker/Tate was then able to approach bilateral aid agencies to cover the remainder of the hard currency requirements.

Italy, which was running a \$630m aid programme for Ethiopia over three years, was the country's largest donor, but it dropped out after deciding that it would prefer to finance a large number of small projects rather than a few large ones.

In the end Sweden, Spain and Australia joined in as co-financiers and additional standby offers of credit were received from India and Yugoslavia.

Cheshire says it took months of almost continuous travel to persuade these countries to sign up for the project. Australia, whose aid programme is concentrated in the Pacific, was persuaded to make \$12m available for Ethiopia on the basis of its expertise as a supplier of sugar milling machinery.

Spain, which was chosen as a potential donor for the irrigation part of the schema because it is regarded as a competitive supplier of aluminium piping, is to make a concessional loan of \$30m, but \$4m of this will be repaid in coffee in what is believed to be the first such arrangement entered into by its Instituto de Credito Oficial.

Sweden, which traditionally has a large bilateral aid programme with Ethiopia, is providing \$8m for electrical installation. In addition the Opec Fund for International Development is putting \$7m into the access road.

The result is a package with a life of some 12 to 15 years and carrying an interest rate of

some 4 per cent. The bulk of the hard currency funds, or some \$120m, are being supplied by the African Bank group, though Cheshire says it was the Ethiopian authorities rather than the bank which were important to Booker/Tate winning its management role.

Getting the right relationship with the host government was crucial, he says. It involved making a long term commitment to act as "right-hand man" to the Ethiopian authorities, willingness to engage in technical co-operation such as manpower training, helping the government to package the project in such a way as to attract international support and acting as broker with the financial agencies without at the same time trying to take control of the whole exercise.

The Ethiopian government itself negotiated the fine print of the funding package and will retain an active involvement in running the project.

In the process a permanent transfer of skills is occurring, so that next time round it will not need nearly so much help. Even so Booker/Tate had, under the rules of the African Development Bank, to submit to international competitive bidding to secure its formal role in the project.

The fees it expects to earn after all this work amount to only some \$10m, which some would argue was scant reward for a long-term commitment with an uncertain outcome.

Cheshire believes, however, that companies which are not prepared to put in such an effort will find it increasingly difficult to do business in difficult parts of the world, such as Africa. "You can't walk in with an offer of a turnkey plant, and then simply walk away," he says.

Blowing smoke and chewing gum

Michael Skapinker reports on annoying telephone behaviour

Phoning a company is often a frustrating experience. When Nancy Friedman phoned a leading British company yesterday, she waited 30 rings before hanging up. On the second attempt, she got an answer after 10 rings.

She has a particular interest in the way companies answer their phones. Friedman runs a company in St Louis, Missouri, called the Telephone Doctor, which helps organisations improve the way they deal with their customers on the phone.

Last July she asked readers of the newspaper USA Today to call her and tell her which aspects of corporate America's telephone behaviour they most disliked.

Over 1,000 people phoned her. The results, which have not yet been published in the US, show that American consumers' pet hate is being put on hold. Nearly a quarter said they disliked the way companies kept them hanging on.

Friedman says that companies cannot realistically avoid putting people on hold. What matters, Friedman says, is the way they do so.

"We have found that it helps if you give callers a reason why you are putting them on hold. It's also a good idea to tell them the truth about how long you're going to put them on hold. Tell them 'it's going to take a few seconds' or 'it might take a few minutes'," Friedman says.

Americans' second greatest dislike might be less familiar to European callers. Eleven per cent of those who answered Friedman's poll said they disliked "call waiting" signals. These are tones which tell the company employee that someone else is trying to get through on the line.

The problem, Friedman says, is that on most US systems the caller can hear the signals too. They don't like the feeling that their call might be interrupted and that their enquiry is not being given top priority. Small companies with just one or two telephone lines tend to use the tones more than large companies do, Friedman says.

A similar percentage of respondents said they disliked telephonists who demanded their names in an abrupt fashion. "They are often asked in a very rude way who they are," Friedman says. "The question needs softening. 'May I ask who's calling?'"

Friedman says company employees also need to tell callers who they are. It is not enough for employees to give their names. They also need to say which department they work for.

Americans' fourth most common complaint might also come as something of a surprise to Europeans. Nine per cent said they dislike people who "chew into the phone," by which they meant chew gum

or eat an apple while they're talking. Friedman said she would have put this complaint at the top of the list. She also dislikes hearing people blow smoke into the receiver. The telephone mouthpiece is a sensitive microphone, she says.

Eight per cent said they disliked talking to company representatives who broke off the conversation to speak to colleagues in the office.

Europeans would probably agree with the remaining three complaints, each mentioned by seven per cent of US respondents. One was company representatives who hang up without saying good-bye properly or without waiting for the customer to say good-bye.

Another was just plain rudeness, which would seem to be the underlying cause of all the other complaints. Americans' last complaint was about answering machines. This referred not just to machines which ask you to leave a message, but to those which tell you to dial an additional digit to reach a certain department.

Despite the difficulty she experienced in getting through, Friedman does not believe that all calls should be answered by the second or third ring. Companies which insist on that are merely encouraging their telephonists to be abrupt with callers. Up to 10 rings is satisfactory, she says, provided the telephonist then apologises for the delay.

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150 106	Unicomp Group Corp. Prof.	105nd	0	9.5	6.2	-
395 355	Veoliaire Drug Co. Ltd.	365	-1	22.8	6.0	9.4
570 325	W.S. Yates	325nd	0	14.2	5.0	27.1

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FT LAW REPORTS

Benefit of doubt for stamp dealer

ATTORNEY-GENERAL OF TUVALU AND ANOTHER v PHILATELIC DISTRIBUTION CORPORATION LTD AND OTHERS

Court of Appeal (Lord Justice Woolf, Lord Justice Bingham and Sir Gervase Sheldon, Bristle) October 20 1989

QUASI-CRIMINAL proceedings to commit a person to prison for contempt of court require that the contempt be proved beyond reasonable doubt; and accordingly, if there is no direct evidence against him, only inference, and his own corroborated though unreliable evidence gives rise to a doubt, he must be given the benefit of that doubt. But, as a director of a company, he will be liable for contempt for his breach of undertaking if he willfully failed to take adequate and continuing steps to ensure that it complied with its obligations.

The Court of Appeal so held when allowing an appeal by Mr Clive Harold Feigenbaum from part of a judgment given by Sir Gervase Sheldon, sitting as a deputy High Court judge in contempt of court proceedings by the Attorney-General of Tuvalu. The appeal was allowed in respect of the judge's decision that Mr Feigenbaum was in breach of a court order, but dismissed in respect of his decision that Mr Feigenbaum was in breach of an undertaking given by Philatelic Distribution Corporation Ltd (PDC), of which he was managing director.

LOED JUSTICE WOOLF giving the judgment of the court, said that Tuvalu was a state in the South Pacific with a population of 8,000. Its ability to sell its own stamps was a significant source of income.

Mr Feigenbaum operated a stamp business through a number of companies including PDC, Philatelic Collections Ltd (PCL), London & New York International Stamp Co Ltd (LNYI) and Format International Security Printers Ltd. With the exception of Format, he was managing director and chairman of those companies, and he and his family owned all the shares.

He was never a director of Format, a printing company, and he owned only 60 per cent of the shares. The managing director was Mr E.C. Hughes. On October 7 1987, by a contract between PDC and Tuvalu, PDC was given strictly defined

rights to design, produce, sell and distribute Tuvalu stamps.

Under the contract the stamps were to be produced under PDC's supervision "by security printers acceptable to the Tuvalu government; and PDC was to uphold the government's integrity."

PDC, using Format's printing services, printed large quantities of Tuvalu stamps, instructing Format that a proportion were to be flawed. The reason was that collectors could be persuaded to pay a premium for a flawed stamp because of its rarity value. There was however, an obvious distinction between an isolated error and mass-produced flaws.

In March 1988, Tuvalu was concerned about advertisements offering flawed Tuvalu stamps. A series of communications passed between Tuvalu and PDC and Format. It was common ground that Mr Feigenbaum was thoroughly dishonest in what he said in those communications. He concealed the relationship between PDC and Format, and suggested that Format was an extremely reliable security printer making every effort to minimise the risk of errors.

Tuvalu was not impressed and made it clear that Format was not to be used as printer. PDC continued to give Format orders. By March 1989, Tuvalu suspected that PDC had produced millions of deliberately flawed stamps. It terminated the October 7 contract and began proceedings.

The same day an *ex parte* Anton Pillar order was made by Mr Justice Henry, restraining PDC, Mr Feigenbaum, LNYI and Format from producing further Tuvalu stamps, or using Tuvalu plates. On March 7, Format and Mr Hughes undertook not to use the materials, including plates, in their custody. On April 26, Mr Feigenbaum, PDC, its stock controller Mr Apsey, and others, undertook not to use the materials.

Tuvalu obtained an affidavit from a Detective Constable Fields describing execution of a search warrant at Format's premises on April 27, and seeing a substantial quantity of Tuvalu stamps just being printed and not yet perforated.

Summary judgment was entered for Tuvalu on May 4. On that date 1,000 Tuvalu stamps, which by that time had been perforated, were removed from Format's premises. Their face value was

approximately £130,000.

Those stamps had apparently been printed as the result of an order given by Mr Apsey on PDC's behalf on April 18, requiring Format to print 21,000 sets of unflawed and 14,000 sets of flawed stamps.

On July 28 Sir Gervase Sheldon, sitting as a deputy High Court judge, found Mr Feigenbaum, Mr Hughes and Mr Apsey guilty of contempt. He sentenced Mr Feigenbaum to three months' imprisonment and a £3,000 fine; Mr Hughes to one month's imprisonment suspended and a £750 fine; and Mr Apsey to two weeks' imprisonment suspended and a £750 fine. Mr Feigenbaum appealed.

Although the alleged contempt was a civil contempt, the committal proceedings were quasi-criminal and required the contempt to be proved beyond reasonable doubt. The case against Mr Feigenbaum rested entirely on inference. There was no direct evidence that he had actively taken any steps which resulted in breach of the court order. On the appeal Mr Ross-Munro for Mr Feigenbaum submitted *inter alia* there was insufficient evidence to establish that he was guilty of contempt.

The judge found Mr Feigenbaum in breach of the court order in that, to his knowledge and with his approval, PDC placed an order with Format, knowing the prohibited plates would be used.

Mr Feigenbaum and Mr Hughes had given evidence on the appeal Mr Feigenbaum to be an unsatisfactory and unreliable witness who at times was blatantly untruthful.

As a general rule he was unable to accept his evidence of any controversial matter unless corroborated. He found Mr Hughes to be an unsatisfactory and unreliable witness.

Mr Feigenbaum was however, entitled to rely on the affidavit of Mr Sykes his solicitor, who corroborated his evidence that after the court order was made its effect was fully and properly explained to the companies' staff by both Mr Sykes and Mr Feigenbaum.

Mr Ross-Munro submitted that when that evidence as taken into account, the absence of direct evidence of any positive act by Mr Feigenbaum became critical. He submitted that the fact that the judge found his evidence unreliable provided no proof that he was guilty of contempt. Although Mr Feigenbaum's

evidence was rejected, after a long cross-examination he had not been shaken in his denial of any knowledge of the order made by Mr Apsey on April 18. That denial was supported by Mr Hughes, whose evidence in that respect was also unshaken. To that had to be added the independent evidence of Mr Sykes, as to the instructions given to staff.

In a case where there was direct evidence, or the criminal standard of proof did not apply, those matters would not justify interference by the Court of Appeal. But in the present case, depending as it did entirely on inference, the judge's finding that Mr Feigenbaum was guilty of contempt because he was a knowing party to breach of the order, could not stand.

Mr Feigenbaum was entitled to the benefit of the doubt. The second ground on which Mr Feigenbaum was found guilty of contempt, was by breach of his personal undertaking and PDC's undertaking of April 28.

Where a company was ordered not to do certain acts or give an undertaking to like effect, a director who was aware of the order or undertaking was under a duty to take reasonable steps to ensure that it was obeyed.

If he willfully failed to take those steps and the order or undertaking was breached, he could be punished for contempt [see BSC Order 45 rule 5(1)(ii)]. "Willful" was used to distinguish the situation where he could reasonably believe some other director or officer was taking those steps.

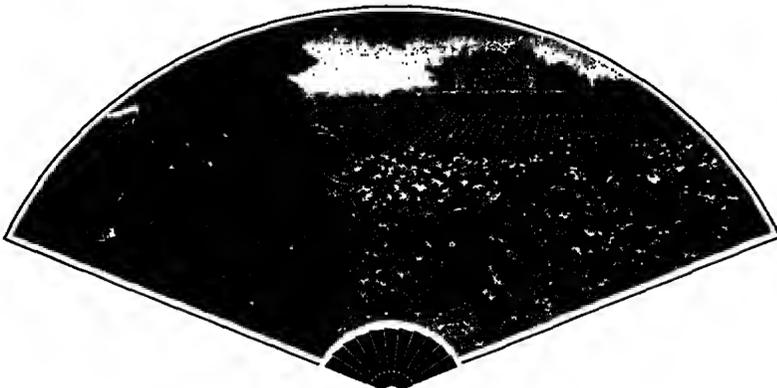
Mr Feigenbaum failed to take adequate and continuing steps to ensure that those to whom he delegated matters within the scope of the undertaking, had not forgotten or misunderstood or overlooked the obligations imposed on them (see *Re Galvornised Tank Manufacturers' Association* [1965] 1 WLR 1074).

He was rightly regarded as liable to committal under Order 45 rule 5. It was only on the breach of undertaking ground of contempt that Mr Feigenbaum should be sentenced. It was not necessary to impose a prison sentence.

For Mr Feigenbaum: Colin Ross-Munro and Thomas Hazley (Judge Sykes & Harrison).
For the Tuvalu government: Murray Rosen (Herbert Smith).

Rachel Davies
Barrister

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ARTS

TELEVISION

News to hurry home for

Late last Thursday, the day that Nigel Lawson resigned, Jeremy Paxman leaped back in his Newsnight chair and remarked conversationally to Norman Tebbit, Sam Brittan and John Smith "Well, this is a pretty pickle, isn't it?"



Jeremy Paxman of Newsnight

It is abnormally difficult to pass judgement on a programme such as Newsnight because, by its very nature, it is so changeable. It now has three main presenters: MacCormick, Peter Snow and new boy Paxman. Its subject matter is dictated by world events, so that sometimes it will concentrate on foreign affairs, sometimes on domestic matters.

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money doubtless has something to do with the zeitgeist, greed being on the rise of the Thatcherite colts whose obvious displays Victorian values. Yet I am aware of no evidence that the general public wants a huge increase in news about money. It looks like a classic example of media lowliness in which journalists believe obsessively to one another, and send growing quantities of imitative material round and round the system in a rising cacophony, until it reaches a high pitched scream.

McCullin's, these interruptions merely weaken its impact. But although Newsnight may have a long way to go before it regains its ability to pull the strings back to the box, BBC2 does have another late-night series which can already do the trick. The Late Show is easily the most successful of the new regular programmes to have been produced since the BBC's post-Milne regime. Modelled partly on the old and much missed Late Night Line Up, it is more professionally presented, far better researched and prepared, and unless memory is playing tricks it ranges more widely across the arts and contemporary culture in general.

Its coverage of the Booker Prize last week, drawing on previous separate items about each shortlisted author, was probably the best we have ever seen on television. This week Jonathan Mirsky delivered a superbly cogent condemnation of television's "Panda Image" coverage of China for several weeks by Patrick Wright on the Tiananmen Square massacre. And anybody who still thinks the BBC is too timid to the Government should have watched the magnificent hatchet job performed last week by Patrick Wright on the commercials being used to promote water privatisation: "A rat-infested tangle of cracked pipes, that is what the Government is selling."

The Late Show is not flawless. The presenter's underlying philosophy, and the overt attitudes are far too homogeneous: it is almost impossible to think of an item with which the Guardian staff in the late 1980s would have found fault. On Monday night Richard Eyre was given time to eulogise subsidies for the arts, an idea which is at least as respectable as using public money to buy B-bombs. But it is unthinkable that the programme would also give time to anybody who wanted to speak instead against the idea of taxing the poor to subsidise the rich so that they can sit every night in Covent Garden and in the theatre on London's South Bank - though that, too, is a perfectly respectable argument.

The staff, drawn no doubt from central London, all seem to believe that something like 50 per cent of the British population is black, and that if they assert often enough that "Britain is now a multicultural community" such a state of affairs will magically materialise everywhere from Truro to Lincoln. From Colchester to Kirkcubright, including the centre of Bradford where there is now such clamour for a separatist movement. But however standardised the gloss put on successive items, the programme does cover a remarkable amount of the waterfront and, with its four programmes a week (none on Friday unfortunately) it must be going into a greater and greater irritant to other arts programmes since there is very little that escapes the eye of editor Michael Jackson.

If The Late Show could incorporate Newsnight's current political stance, current Newsnight would only adopt some of The Late Show's slicker production methods in place of such horrors as Bookcase Technique, they might keep us out of this theatre altogether.

Christopher Dunkley

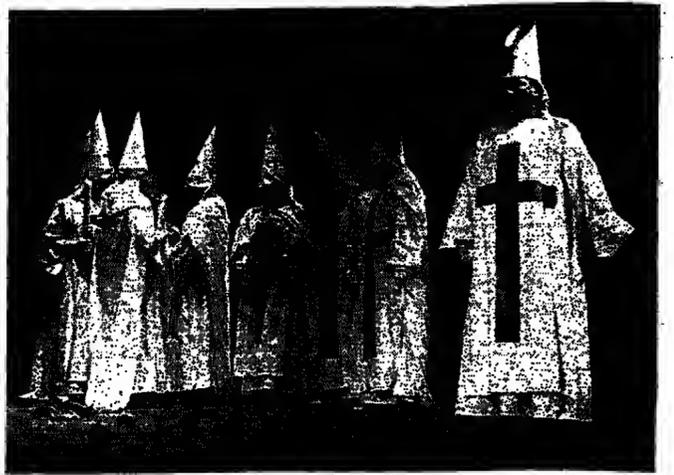
Marschner's 'Der Templer'

WEXFORD FESTIVAL

The 38th Wexford Festival opened its ever-friendly doors last weekend, bringing yet more seekers after operatic arsons to this south-east corner of Ireland to add another clutch of rarities to their tallies. To cater for the seemingly insatiable demand for tickets, this year's season has been extended. It now runs for 18 days with 60 per cent more performances, but the focus remains unchanged - staging in the Theatre Royal of three neglected operas, carefully contrasted in period and content.

best portions of Der Templer revealed, he had a considerable gift for pressurised lyricism, even if his roistering brioche mode seems less fresh and one hankers after the occasional touch of Weberian enchantment.

Der Templer is in fact an Ivanhoe opera under another name, one of the rash of Walter-Scott-inspired works that emerged in the first half of the 19th century, and which also boasts attempts by Rossini and Arthur Sullivan. The plot is tangled, with a chain of unrequited loves, though it focuses upon the relationship between the Templar Knight Bois-Guilbert and the Jewish Rebecca, who resists all his advances almost to the point of death until rescued by Ivanhoe. That conflict between unreasoning lust and stoic resistance is explored by Marschner with considerable musical and psychological subtlety: their confrontation in the second act is the opera's genuine climax. But the remainder of the cast are little more than caricatures, a few of them Robin Hood and Erich Trunk for instance - a little too familiarly caricatured for comfort, and they serve to divert only some lusty soldier's choruses and drinking songs, and a few calls to arms.



Scene from 'Der Templer und die Judin'

Bettina Munzer's Wexford staging tried ambitiously to encompass both aspects of Der Templer, keeping the title roles tautly drawn and gently sending up the rest. It did not quite work, and some of the production's jokey asides became a distraction, though equally playing some of those scenes absolutely unthinkably. More seriously her happy mishmash of costumes styles - a Robin Hood as traditionally covered, Richard the Lionheart

in black leather, Wamba the Fool in crickbat pads and public school blazer - made some of the plot's twists harder than ever to unravel. Good singing, and forceful unfussy conducting from Albert Rosen, allowed the finest portions of the score to fall through their fingers when the production over-stretched its resources - too many soldiers trooping on and off, too much back-slapping jollity, and sometimes made some curious forays into psycholog-

cal commentary that seemed out of kilter with the appropriate style of the whole. Both William Stone's Bois-Guilbert and Anita Soldi's Rebecca were fine-drawn, urgently sung portrayals, making the most of their superior opportunities; of the remainder, Mary Clarke's Rebecca's Great-Grimmally-Lionhearted and (despite announced lyrics) Joseph Evans's Ivanhoe made real solid impressions.

Andrew Clements

The Big Sweep

HAMPSTEAD THEATRE

With production No 95, the People Show, including founder members Mark Long and Jeff Nuttall, provide a stinging riposte to the critics who feel their "anarchic visual imagination" might profitably be matched with a first rate text. Some chasms exist not to be bridged.

Drawing perhaps on Rose, a text-based Tennessee Williams People Show never presented. In this country, an FBI hunt for the innards of a deceased President results in an unruly intervention in a provincial rewrite of A Streetcar Named Desire.

J Edgar Hoover (the monumental Nuttall) wants the innards to join his other menapages, right inside Che Guevara's buttocks, under glass. As usual, while seeming to eschew conventional narrative, events assume a sickly, vital coherence, only occasionally threatened by lapses in focus. Results in an unruly Hoover gets stuck into a Northern re-interpretation by Terry C Williams ("A Meester Named Amore") as Bleach de Beurte dragged up as Marilyn Monroe in The Green Year 1944.

The anti-play within a play emanates from an agent's office where a dissatisfied secretary (Charlie Dore) stabs her boss in the shower, Psycho-style, and motivates a famous baseball star (George Khan) and tabloid, brilliant wit. I keep thinking myself up to declare



Jeff Nuttall

ing Norm, far from it. He represents a ridiculous challenge to what you might reasonably expect from a proper evening's entertainment.

And that is the dear, old-fashioned point, in a show that looks expensive on a set of glossy black tiles, cunning insets and reversible beds and tables, brilliant wit. I keep charging myself up to declare

the Peoples Show, after 23 years, defunct or degenerate. But recent immersion in the National Review of Live Art shows that they are still the leaders in a field that is peculiarly and valuably English, sculptured, challenging and vulgar.

Michael Coveney

Le Grand Macabre

FESTIVAL HALL

At a time when anything less than 90 per cent capacity in a subsidised theatre spells abject failure in the eyes of our paymasters, the ENO can scarcely be blamed for failing to revive their 1982 staging of Ligeti's dazzling comic opera; all the more reason, then, to welcome and marvel at the Philharmonia's brilliant concert performance on Monday as part of the "Ligeti by Ligeti" series.

In fact, the composer is said to have disliked the Coliseum production, and in the light of the concert (which he appeared to enjoy enormously) one might speculate as to some of the reasons: maybe Elijah Moshinsky over-intellectualized a score that goes mainly for the gut, and indeed the funny-bone, and frequently simultaneously.

Parodies, from Monteverdi to Bach to Donizetti and back again, fall over the orchestra in a cascade of operatic wit; the cheerful oboecities (those so cravenly cut by the ENO happily restored here) have the audience rolling in the aisles; and then Ligeti pole-axes you with music of bewildering beauty and dramatic power, whether the great Passacaglia, the apocalyptic approach of Nekrotzar-as-Death, the extraordinary final interlude - truly music for the end of time - or the exquisite duetting for the lovers who copulate obliviously as the world comes, or doesn't come, to an end.

And this is truly operatic

music, music that manipulates and controls the action and the audience instead of just illustrating or decorating the fact that the accompaniment to the appalling Moshinsky being referred to death - a daintily macabre Marche Militaire - should strike one as amongst the funniest music written this century shows just how far right and proper reactions have been subverted. In this respect Ligeti is the Offenbach, if not the Rossini, of the 20th century.

The fact that the opera seemed even funnier in the concert hall than in the opera house was due both to East Horowitz's straight-faced but glibly-eyed conducting of the alert Philharmonia (the Monteverdi fanfare for motor-car horns and doorbells executed with the most delicious solemnity) and to a superb cast headed by Moshinsky, a truly virtuoso as the coloratura soprano Chief of Secret Police, Ude Krakow and Christa Puhmann-Richter as the sadomasochistic husband and wife, Kovia Smith, wonderful fatuous as the Prince, and Dieter Weller as Nakrotzar himself, more menacing of demeanour, honestly, than of voice.

The full house thoroughly appreciated what seems to me one of the wittiest as well as the most enlightening of 20th-century operas.

Rodney Milnes

Tristan Murail

FESTIVAL HALL

The special offering in Saturday's BBC Symphony Concert, conducted by Peter Eötvös, was the premiere of Murail's new Les Sept Paroles de Christ en Croix, but the first half of the programme had its own rewards. There was Zoltan Kocsis to play Bartók's Piano Concerto no. 2 with crackling energy and wit, and to capture the lyrical depth of its central Adagio with rare delicacy, though the "night-music" sounds from the orchestra were a touch prosaic.

It was also good to hear Mussorgsky's "A Night on the Bare Mountain" in its unfamiliar later version, complete with demonic chortles, a solo baritone Black God, which the composer cobbled together for a dream-scene in his opera Sorcerer's Apprentice. Firmly commanded by Brindley Sherratt's Chernobog, the BBC Singers and Symphony Chorus took to the revels with enthusiasm. Probably Mussorgsky expected a smaller stage chorus - some much-loved orchestral details were covered up; but in any case this version is more "interesting" than important. Though it might make a very effective opera-ballad intermezzo, none of the additions to the score strengthen it musically, and its fierce compactness is compromised.

Murail's meditations on the Seven Last Words require a large orchestra, many bells, electronic keyboards, chorus (often wordless) and a good three-quarters of an hour; probably a devout Roman Catholic upbringing, too. The finer shades of devotional feeling are explored en gros et en détail, in dense post-Messiaenic harmonies with a glacial rate of change. Even granted Murail's impeccable recall of an older style of French pomp-and-plenty, outsiders may find the willful uniformity of the manner a bit suffocating.

The music is as non-linear as possible, not to say invertebrate; the sound is sensuous and enveloping, with the paucity of definite musical events compensated by lavish subtleties of scoring which seem to turn each deliberate chord through many angles. As Gerard McBurney's programme-note suggested, it is reminiscent of the shimmering changes of aural perspective as the sound of a rung bell dies away, or again, of peering into slow, incessant waves of melting toffee.

David Murray

secured a record for a writ-watched sold in the US - \$245,312 for a platinum watch designed by James Schuler around 1980. At Christie's sale of English watercolours in London a tiny view of Venice by Myles Birket Foster doubled its estimate at \$29,700. An Archibald Thorburn showing wide-geon at low tide, went within estimate for \$16,400 but Helen Allingham was below forecast, one of her Sussex cottages making \$14,300.

Anthony Thorncroft

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ARTS GUIDE

THEATRE

London

Anything Goes (Prince Edward). Cole Porter's slyly ocean-going 1930s musical has four or five marvelous songs and a splendid Paige falling to emulate Ethel Merman. Jerry Zaks's desperately bright production comes from the Lincoln Center in New York and is undemanding fare (704 8901, cc 838 2428). The Master Builder (Barbican). Magnificent BSC revival of Ibsen's late poetic drama of lies, deceptions and pinurated sensuality. John Wood is the fine first actor since Redgrave, then Olivier, played it in London. Adrian Noble directs. Richard Hudson's tilting roof chart the spirations and final domestic plunge. (838 8911). Nov 1, 2. A Flea in Her Ear (Old Vic). Feydeau's farce in the John Mortimer translation spiritedly done as German Expressionist nightmare by Richard Jones and the Quay Brothers, the directing and design team on WNO's Love of Three Oranges, aim Broadway lead good as the discomfited insurance manager and his doppelganger, a drunken hotel porter. An interesting, enjoyable, untidily directed experiment (826 7816, cc 240 7200). Another Time (Wyndham's). New Ronald Harwood play directed by Elijah Moshinsky about a white South African family in Cape Town and Middle Vale. Albert Finney plays father and concert pianist son across 36 years, suggesting that talent is a means of escape and a reason for not being back. Janet Suzman and Sara Kestelman are electrifying (867 1116). Veterans Day (Haymarket).

Imperfect Donald Freed national-ist paranoias play about three weeks to bump it back to the President party redeemed by fascinating duo of psychotic Vietnam hero Michael Gambon and brightly seconded Second World War buddy Jack Lemmon (930 9832).

Mr. Baxter (Barbican). Peter Eyre has over from Hollywood Anthony Hopkins as the tortured diplomatic hero in a Peter Shaffer-style "spectacle of lies" dressed up in John Dexter's superb production as a metaphor of homosexual life. The transverse tragedy grows less electrifying than in New York; the play is not very good but still worth seeing (878 5389). Aspects of Love (Prince of Wales). Andrew Lloyd Webber's latest is an intimate chamber opera derived from David Garnett's 1955 novella. Musically interesting and well directed by Trevor Nunn, a cast of unknowns project the right sense of sybaritic insouciance. A probable, but unimpressive, hit (838 8972).

New York

Held Chrysalis (Plymouth). Wendy Wasserstein's award-winning drama covering 20 years in the life of a successful American baby boomer goes from support for Eugene McCarthy's presidential aspirations to electoral ambitions in the 1980s, accompanied by the music of the longest-running musical in the US not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with the backstage story in which the songs are used as additions rather than emotions (238 6200).

Gunton as the demon barber of Fleet Street (238 6200).

Lead Me a Tenor (Royale). A sprucing up in the set of a decaying town's big time opera ambience makes a handsome bit of this farce, first produced in London, but now with a local cast led by Philip Bosco and Victor Garber (238 6200). Jerome Robbins' Broadway (Imperial). Anyone attracted by the notion of a three hours of film trailer previews will adore this compendium of Robbins' directed and choreographed plays of the past 60 years, including On the Town, West Side Story and Gypsy. The lustre of the credits is dimmed by the brevity of each piece, with a contemporary crew of Broadway applicants who lack the multi-talents that inspired the heyday of the musical.

Emmets (Broadhurst). Neil Simon's latest comedy is a self-conscious farce, with numerous amusing doors and lots of mugging but hollow humor. Emmets as often as it hits. Christine Baranski leads an ebullient cast in the disappointing hit. Cass (Winter Garden). Still a sell-out. Trevor Nunn's production of T.S. Eliot's children's poetry set to music is visually startling and choreographically felicitous (238 6202).

A Chorus Line (Sunbelt). The longest-running musical in the US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with the backstage story in which the songs are used as additions rather than emotions (238 6200).

Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (238 6200).

Me and My Girl (Marquis). Even though the "night-music" sounds from the orchestra were a touch prosaic. It was also good to hear Mussorgsky's "A Night on the Bare Mountain" in its unfamiliar later version, complete with demonic chortles, a solo baritone Black God, which the composer cobbled together for a dream-scene in his opera Sorcerer's Apprentice. Firmly commanded by Brindley Sherratt's Chernobog, the BBC Singers and Symphony Chorus took to the revels with enthusiasm. Probably Mussorgsky expected a smaller stage chorus - some much-loved orchestral details were covered up; but in any case this version is more "interesting" than important. Though it might make a very effective opera-ballad intermezzo, none of the additions to the score strengthen it musically, and its fierce compactness is compromised.

Murail's meditations on the Seven Last Words require a large orchestra, many bells, electronic keyboards, chorus (often wordless) and a good three-quarters of an hour; probably a devout Roman Catholic upbringing, too. The finer shades of devotional feeling are explored en gros et en détail, in dense post-Messiaenic harmonies with a glacial rate of change. Even granted Murail's impeccable recall of an older style of French pomp-and-plenty, outsiders may find the willful uniformity of the manner a bit suffocating.

The music is as non-linear as possible, not to say invertebrate; the sound is sensuous and enveloping, with the paucity of definite musical events compensated by lavish subtleties of scoring which seem to turn each deliberate chord through many angles. As Gerard McBurney's programme-note suggested, it is reminiscent of the shimmering changes of aural perspective as the sound of a rung bell dies away, or again, of peering into slow, incessant waves of melting toffee.

David Murray

SALEROOM

Strindberg, the writer, is being overtaken by Strindberg, the artist. At Bnkowski's, the Stockholm auction house yesterday, a painting by Strindberg, "Fyrturnet (Br)" depicting a white lighthouse on a mossy headland, sold for 16.6m kroner (£1.5m), a record for the artist and for any painting sold in Scandinavia. In the same auction, a painting by Bruno Liljefors showing a cat transfixed by a chaffinch nest, sold for £390,000, a record for this Swedish artist. Sotheby's in New York

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Wednesday November 1 1989

Time to join the EMS

TO JOIN or not to join, that is the question which is splitting the Government in two, after Mrs Thatcher's ambiguous remarks on the subject of full British participation in the exchange rate mechanism of the European Monetary System last Sunday, the Government looks all too likely to remain split for years to come.

Unfortunately, the conditions for entry of sterling into the EMS are a standing invitation to such disputes. A commitment to entry was made at the time of the Madrid summit last June. But it was an ingredient in the final stage, that of indefinite duration of the Delors plan for economic and monetary union. The subsequent gloss was that entry would follow the elimination of exchange controls throughout the EC, which is not due to occur in full until 1994. This persistent vagueness ensures that a sword will hang permanently over the head of the Government. Mr Lawson, with his dramatic intervention in the House of Commons yesterday, clearly has no intention of allowing its edge to get any blunter.

Litmus test

But the domestic political argument is far from the only reason for a swift resolution of the issue. Membership of the EMS has become a litmus test for Britain's commitment to the broader, but equally aspirational, objectives of the European Community. The present semi-detached status of the UK creates practical problems as well. The meeting of the heads of government in Strasbourg in early December will be confronted with President Mitterrand's ideas for an inter-governmental conference on economic and monetary union. The influence of the UK will be limited to declining "no" as long as the country remains a permanent outsider in the EMS club.

That there are political arguments for doing something is not enough; it must also not be harmful. It is easy to exaggerate the importance of the UK's becoming a full member of the EMS. It will certainly prove an economic panacea. But early entry would be quite helpful.

The most powerful justification for participation is that it would make the exchange rate more credible. It is true that the experience in 1987 and 1988 demonstrated that, whenever there is strong upward pressure on the exchange rate, attempts to keep it down can prove inflationary. But this danger is now past. With the persistence of inflationary pressure in the UK and a current account deficit of 4 per cent of gross domestic product, the fight will rather be to halt a runaway depreciation.

Even the difficulties of 1987 and 1988 could have been mitigated by membership. The main problem was that sterling had zones without targets. Adjustment of the zones could (and was) read as abandonment of the whole policy. If one does have a policy for the exchange rate (and it is difficult to imagine any British Government adopting benign neglect again), then a formal policy could be more, not less, flexible (quite apart from more credible) than an informal one.

Three essentials

The UK cannot now contemplate an irrevocably fixed exchange rate. But entry with a broad band now would give the three essential requirements of a better exchange rate policy: guidance about the authorities' intentions; room for a substantial interest rate spread between the UK and low inflation countries like West Germany; and the opportunity to make adjustments to the central rate, while remaining within the band, so precluding one-way bets for speculators.

Increasing the credibility of the exchange rate floor in this way would help to achieve the gradual reduction of inflation that Mr Major set as his goal yesterday. It has never made sense to wait until inflation is down, which is like saying that one only needs an anchor when the sea is flat.

Furthermore, the present exchange rate of DM 2.90 falls about half way between estimates of purchasing power parity, on the one hand, and the rate deemed desirable by those whose eyes are fixed on the balance of payments. Mr Lawson long wished to combine a disinflationary monetary policy with a competitive exchange rate. This the UK now has, if only because of the economy's misadventure.

Going in right now would, therefore, be a perfectly sensible policy. In any case, a clear commitment to entry at an early date is required. The most reasonable decision would be that entry will occur within a few months of the elimination of all exchange controls by France and Italy, which is supposed to occur by July 1990 at the latest. By then countries accounting for 80 per cent of the EC's output would be operating without exchange controls. As soon as it is obvious that the ERM has not collapsed, the UK should join.

Mrs Thatcher is a skilled politician. She should be able to see that to judge the timing of the decision is to create confusion in the economy and dismay in the EC. The time has come for this Government to decide clearly and enter soon.

President George Bush has always been sensitive to criticism. At the end of a recent interview with the New York Times, he called back the reporter to make a point: "Democrats on Capitol Hill have been calling me timid. I have other, better words, like cautious, diplomatic, prudent."

It was a revealing admission, and one that neither Mr Mikhail Gorbachev or Mrs Margaret Thatcher would ever be likely to make.

Yesterday, Mr Bush was able to benefit from the rewards of prudence when he announced a surprise meeting in a month's time with Mr Gorbachev. Despite its theatrical setting — on board Soviet and American warships in the Mediterranean — it stems from the Bush Administration's undramatic approach of careful, patient and secret preparation. Mr Bush was clearly delighted at his foreign policy coup — one which he initiated. It provided a contrast with his sometimes hesitant handling of domestic issues, and it gave him the chance to answer critics who have accused him of missing an historic opportunity. He talked of not wanting to have "two gigantic ships pass in the night because of failed communication."

The announcement will give Mr Bush a domestic political boost — much needed since he has been under fire not just from Democrats on Capitol Hill, but from his own side. The following assessments all come from conservative commentators: "He's the most hesitant President in decades, maybe since Calvin Coolidge" (Fay Burrell); "The symbol of this Administration should be a wetted finger held up to the breeze" (George Will); "When it comes to a real showing match, George Bush seems to be a kinder, gentler pushover" (Warren Brodhead); "Mr Bush cannot forever avoid choosing sides, without being shouldered aside as irrelevant to the social, cultural and political conflicts of his time" (Patrick Buchanan).

The criticism is at present confined mainly to political and media pundits. But it is significant and Mr Bush's authority has been challenged. His standing with Washington opinion, as opposed to public opinion, has fluctuated. In part because he is not such a sharply defined character as Ronald Reagan. After years of self-effacement, the Vice President, he had to dispose of the "whump" label in last year's presidential campaign by becoming a hard-hitting, divisive candidate.

Once he was elected nearly a year ago, Mr Bush's moderate persona was short-lived as he faced the Senate defeat of his nomination of John Tower as Defence Secretary and criticism for taking too long over his foreign policy review. His reputation rose again after the successful arms control initiative at the Nato summit in late May.

Now the earlier criticism has resurfaced. It was triggered by the Administration's dithering over whether to join the unexcused coup attempt in Panama against General Manuel Noriega on October 3. But that only focused attention on underlying doubts. The causes are deeper, and wider in their implications. President Bush is seen as being timid and hesitant across central areas of policy. The charge is that General Noriega was not a coup attempt, but a bid to take the initiative, during the vital early period of his presidency, the only time when he will be able to set the agenda.

There are two explanations. The first is that Mr Bush's limited background is cautious; for nearly 18 years until last January he had been mainly an official in somebody else's team. He followed, rather than led. The columnist Russell Baker recently devised the hitting fantasy that Mr Bush thought he was still

Peter Riddell looks at the problems and discontents building up for Mr Bush

A manager in the White House

Vice President, and was avoiding controversy so as to win a record fourth term in 1992.

Second, Mr Bush pays close attention to opinion polls. The message of his advisers has been that a risk-averse strategy pays-off. He won the presidency in that way, promising little apart from "read my lips, no new taxes," and concentrating on attacking his opponent on "value" questions, such as patriotism and law and order.

As President Mr Bush has avoided being controversial, both because he wants to be liked and because that will ensure continued popularity. Faced with increased Democratic majorities in both houses of Congress, he can only persuade, not command. He is a partner in a coalition.

Revealingly, Mr James Baker, the Secretary of State and his long-term Texas ally, brushed aside recent criticism by pointing to Mr Bush's high approval rating in the polls. These have mainly been around 70 per cent to 75 per cent, the higher end of the range for this stage of a presidency.

Mr Bush's popularity no doubt reflects the continued prosperity of most Americans, but it is not strongly based. A majority of voters doubts whether he can reduce the drug problem or improve the environment in the US significantly. That is probably a realistic assessment, but these are two central planks of his domestic programme. Moreover, nearly three-quarters of US voters believe he will have to ask Congress to increase taxes in the next four years.

Mr Bush is now on a defensive on the "value" questions which he exploited last year. For instance, following a ruling by the Supreme Court saying that flag burning was permissible under the first amendment rights to free speech, Mr Bush beat the patriotic drum by calling for a

constitutional amendment against desecration of the flag. His advisers saw a chance to reply that success in the Senate against Michael Dukakis over the pledge of allegiance to the flag in schools. Democratic leaders in Congress argued that all that was necessary was a simple statutory ban, and with the help of a number of Republicans, they passed such a bill.

Similarly, on abortion, the Supreme Court's ruling last July enabling individual states to impose new restrictions has given fresh energy to defenders of abortion rights. Anti-abortion forces failed to change the law in Florida and the Republican

"right-to-life" candidates in the November 7 elections for the governorships of New Jersey and Virginia have been on the defensive. Moreover, for the first time since 1961, Congress approved an extension of federal funds to provide abortions for rape and incest victims who are poor. After shifting his own view during the 1980s, Mr Bush vetoed the measure. While there were insufficient votes in Congress to override the veto, many Republicans have said this could be a pyrrhic victory since the popular tide is running against him.

That leaves Mr Bush's opposition to higher taxes and his determination to cut capital gains tax as distinctive appeals. A combination of Republicans and rebel, mainly southern, Democrats in the House of Representatives approved a temporary cut in the tax. But the plan has faced fierce resistance in the Senate from the increasingly effective Democratic majority leader George Mitchell. So there is now a stalemate.

Capital gains tax has become the main battleground for Washington politicians. It has become a test of wills wholly out of proportion to its real economic significance. But the issue is regarded as crucial by supply side conservatives, who blame an earlier legislative logjam over the tax for the share price slump in 1987.

Senator Alan Simpson, the Republican Whip, has conceded: "It's not the greatest issue of our times, but it sure as hell is a campaign promise that's (Mr Bush) kept and I think that's what people admire about him." Mr Bush's capriciousness has not only wrecked hopes of a bipartisan fiscal policy but it has blocked everything else, notably legislation on reducing the budget deficit, on raising the federal debt ceiling and even on aid for Poland and Hungary. The failure to agree a budget by mid-October has led to across-the-board cuts in spending under the sequestration procedures of the Gramm-Rudman deficit reduction law, a crude device which is no substitute for agreement on economic and social priorities. But despite the Senate Republican like minority leader Robert Dole have begun to break ranks with the White House by floating the idea of higher taxes.

It is not that the budget impasse immediately threatens the dollar or financial markets, but that it limits the President's scope for action on other issues. It has rendered hollow Mr Bush's campaign promises about being an education, environment or drug-fighting President. Various much-trumpeted initiatives have been criticised for being all words and no action.

Budgetary constraints have also limited what the US has sought to do about both Third World debt and eastern Europe. The Administration has twice increased the scale of its aid for Poland and Hungary, to \$450m (2379m), but the package emerging from Congress will probably be twice



as large. President Bush's response in this area originally provoked the charge of timidity from Senator Mitchell. He said: "The US should not be afraid of its own success. The Administration should actively try to shape the final outcome of the process of change we have demanded for so many years."

President Bush presented his summit announcement as an answer to these criticisms; it will also provide some distraction from the domestic

political stalemate. Mr Bush argues that his "caution and prudence" are the appropriate response to events in eastern Europe at a period of such rapid change — assisting internally generated reform, without assuming its success, while not seeking to challenge Soviet security. There is no need for, nor possibility of, a revival of the late-1940s Marshall Plan to help Europe, not least because western Europe can take more of the burden itself.

The Bush Administration sees the US less as a dominant superpower than as a leading partner. This fits not only the character of Mr Bush, but also accords with US economic

constraints. It has been reflected both in the welcome given by the Bush team to European integration and in the (still ill-defined) attempt to extend political co-operation with Japan and other Pacific Basin countries.

At home, the capital gains row aside, President Bush's cautious managerial style is far from disastrous. The US can cope without a strong lead from Washington in many areas. It is now into its eighth year of expansion, while the 50 states remain active and innovative in many programmes, such as education and welfare.

But there are problems which the federal deficit which have to be tackled centrally. As Congressman Leon Panetta, the chairman of the House Budget Committee, has pointed out in the US system of government, "you get things done either through leadership or crisis. Unfortunately, the leadership has not been there either from the President or the Congress."

The often-divided Democrat-controlled Congress must take its share of blame for recent inaction. However, the more doom-laden warnings about a paralysis of US government are exaggerated. It is capable of producing solutions to crises, such as the \$160bn rescue of many savings and loan institutions.

The main characteristic of the Bush years is therefore likely to be muddling along. If the US is now on the winning side in the post-war competition with the Soviet Union, perhaps all it needs is a manager, rather than a leader. That, at any rate, is what the US has got for the next three years.

An open contest for Jaguar

THE BRITISH Government's decision, announced yesterday, to waive the golden share in Jaguar opens the way for an early battle for control of the company between General Motors and Ford. Many will regret the transfer of one of the UK's leading engineering companies into foreign hands, but there is no realistic alternative. Provided that the merger or takeover is handled sensitively, the effect should be to strengthen Jaguar's ability to compete in world markets.

The golden share was designed to offer Jaguar temporary protection in the first stage of its recovery after privatisation. If the golden share had been kept in place at the end of next year, it would have forced Jaguar to live with unnecessary uncertainty. The Government was right to prevent this and to avoid the political controversy which in 1988 scuppered Ford's talks with Rover and GM's discussions with Leyland.

Jaguar is entering the second stage of the recovery set in train in 1984. In the last few years it has gone through a bumpy patch, with sales in the US hit by the fall in the value of the dollar. Now the company is facing a new challenge in the form of the luxury cars from Toyota and Nissan.

There are several dimensions to this threat. Toyota is able to manufacture more efficiently than Jaguar, which in its Browns Lane assembly plant at Coventry has a factory widely judged to be one of the least efficient in Europe. Toyota's productivity is partly due to its ability to design a car so that it can be built efficiently. The pressure will become more intense as companies compete not only on cost and quality, but also in a

Greater efficiency

race to cut product development times to launch new products more frequently. Jaguar needs the capacity to renew its range at cost and quality levels to match the Japanese. BMW, which produces about 500,000 cars a year, with the financial backing of the Quandt family, may be able to withstand that pressure. Jaguar produces 51,000 cars a year. It not only needs financial backing, it also needs additional resources and expertise in design, engineering and manufacturing.

A national solution is not available and a European deal looks unlikely; a tie-up with either Daimler Benz or BMW might in any case pose problems with the competition authorities. A partnership with a Japanese company, perhaps even with Honda, is conceivable, but probably none of the Japanese manufacturers need a presence at the luxury end of the market as badly as Ford and General Motors.

Question of price

One criterion for judging the competing claims from Ford and GM will simply be the price they are prepared to pay. But their ability to improve Jaguar's manufacturing performance and build on its independent capacity for design and development should also play a role.

In an increasingly international car industry few companies can do without cross border alliances. Thanks to the mistakes of the 1960s and 1970s, a purely British-owned motor industry is no longer an option. The presence of Honda (in partnership with Rover), Nissan and Toyota should contribute to a revival of the industry over the next decade. One must hope that Jaguar under new ownership will be part of that process.

Brits needed in Brussels

There are too few Britons on the ground in Brussels, and the proportion is getting smaller. In the latest intake of lawyers by the European Commission, for example, there was one Briton out of a total of 103.

This problem of under-representation dates back to British entry in 1973. The Heath Government grandly assumed that, apart from filling the few top jobs strictly designated to the UK, as a function of its size, the ranks of British Eurocrats would naturally fill up from the bottom by competitive examination. They never did.

Contrast this with Spain which, on entering the Community in 1986, placed its nationals on all rungs of the Commission career ladder, and is now much better represented than the UK.

According to a confidential paper by some anonymous British Eurocrats, this sorry trend leads to Britain resorting to a policy of massive retaliation. Instead of exerting its influence through lower levels of the Commission: "A policy initiative is overlooked at the early, malleable stages, allowed to ripen into a proposal to the Council and then fought single-handedly."

The paper adds: "In the end, the Prime Minister is determined at summit meetings to win a compromise which could have been achieved adroitly and quietly inside the Commission."

The Foreign Office is to blame, the authors claim, for failing to follow Britain's EC partners in "padding" the Commission on the ground that it would be "distasteful". But, 16 years after UK entry, "surely the Rolls Royce minds of the FO might have mastered the (Brussels) culture by now", the memo comments.

Part of the problem, however, lies with the Commission's institutional preference for recruits with legal/eco-

OBSERVER

economic backgrounds and with some previous work experience. This does not suit the UK, where law and economics graduates tend to eschew civil services, national or international, and where many under-graduates try to fix careers straight from university.

The Commission says it is aware of the problem. So it should be with Britons as its secretary general (David Williams) and personnel director (Richard Hay), and pressure from the two UK commissioners.

Later this month the Commission is convening a meeting of its national recruitment officers. One solution being canvassed is "limited nationality" competitions — one idea being that, if the over-represented local Belgians were shut out, others including Britons might stand a better chance.

All in a name

After some headscratching, the Scottish Development Agency has come up with a name for the centrepiece of its emerging Aberdeen Science and Technology Park — the Glover Pavilion.

This may turn out to be a smart move. Thomas Blake Glover was a 19th century entrepreneur from Aberdeen, who is virtually unknown in his home city or in the rest of Britain. But to the Japanese, increasingly interested in North Sea oil and avenues into Europe, Glover is revered as a founding father of their industry.

Glover was the fifth son of an Aberdeen coastguard captain. He was taken on as a young clerk to the Jardine Matheson agent in Nagasaki in 1859. Three years later, he set up his own trading company, Glover & Co, which initially traded in tea and marine

Shaky credit

Don Twyford retired yesterday after 40 years at the Export Credits Guarantee Department, lately as director in charge of long term export support. He is off to grow oranges at a farmhouse in Spain.

Twyford denies, however, that he is leaving a sinking ship. True, the organisation is going through a difficult time. Not only is it facing a fundamental shake-up as a result of the Kemp Report last summer, the project division, which Twyford headed, has recently come in for stinging criticism from the Treasury because of the losses incurred on guaranteeing loans to developing countries.

But, according to Twyford, the outlook for the division has begun to improve. He says that he is against writing off the losses and forgetting about them. "If you write off past debts, there's a real danger of efficiency slipping." Instead, the old business should be listed in a separate " suspense account" in ECGD's books, and money borrowed from the Treasury to cover it should be interest-free.

Twyford's replacement is Robert Wild, currently in charge of claims. As a sign of further change afoot, the Department yesterday said his appointment described his appointment yesterday as temporary.

Suspicious

From an Ohio newspaper: "Officer James said accused drove his car the wrong way down a one-way street before crashing through a shop window. His speech was slurred and he was incapable of walking. In his opinion accused had been drinking."



"Foreign coins to Newcastle."

products, but later became the biggest shipowner in Japan. Glover imported the first locomotive and western coal mining equipment to Japan, had the country's first modern warships built in Aberdeen and founded what was to become the Mitsubishi shipyard in Nagasaki.

His house in the city is now a major visiting place for the Japanese and the story of Madame Butterfly (Glover married the daughter of a Japanese Samurai) is said to be based on his life.

Quite independently of the SIDA's initiative, Aberdeen's director of tourism, Gordon Henry, returned from a Scottish Tourist Board mission to Japan last week, having discovered that the name of Glover may be a key to the Japanese tourist trade.

On the strength of the Glover connection — as well as cashmere from Aberdeen's Crombie mills, two Japanese travel companies have agreed to include Aberdeen in their brochures.

Significant Moments

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Richard Tomkins on manufacturing industry in the West Midlands

A first hint of recession

Forget the hypotheses and speculation about when or whether high interest rates will start to take their toll of British industry. In the West Midlands, they have already begun to bite.

Largely unremarked by the wider world, job losses are mounting in the region, stocks are being cut, and capital spending plans are being deferred. Some industrialists are already convinced that a recession is inevitable: the only question is how severe it will be.

The significance of these warning signals is that, in terms of manufacturing industry, the West Midlands is traditionally regarded as a bellwether for the rest of Britain. Even after the recession of the early 1980s, manufacturing industry is more heavily concentrated in the region than anywhere else in the country.

In the past, the performance of big Birmingham companies such as Lucas, GKN and DMI have been interpreted as an indication of the state of British industry. So it seemed an encouraging sign when Lucas last week announced a 20 per cent increase in profits to £187m for the year to July 1989.

But Lucas is barely even a British company any more, let alone a Birmingham one. Like GKN and DMI, it learned its lesson from the last recession and diversified heavily away from the UK economy. Today, only 2,000 of its 25,000 employees are based in the West Midlands, and more than half its annual turnover is generated by subsidiaries overseas.

Instead, a more telling account of what is going on in the West Midlands came last week not from Lucas, but from a smaller company that produced its annual results on the same day: McKechnie, a Walsall-based engineering group making plastic and metal components for customers across a broad range of sectors.

McKechnie reported a 15 per cent rise in sales to £53m for the year to July, but the figures went almost unmentioned in the City as the company warned that it had drawn up contingency plans among its subsidiaries for a 5 per cent, 10 per cent and 15 per cent decrease in turnover.

The group's UK consumer products division, it emerged, had already dipped well below the 15 per cent mark, and one subsidiary - Harrison Draps, which makes curtain tracks and poles for DIY shops - had cut its Birmingham workforce from 620 to 485 because of falling sales. Dr Jim Butler, McKechnie's chairman, said that if turnover across the group were to fall by 10 per cent, between 500 and 600 jobs would go in the UK workforce of 6,000.

In fact, said Dr Butler, most of McKechnie's businesses had so far been unaffected. "But what we are saying is that we can't see how the economy can go on as it is without other sectors turning down," he said.



The writing on the wall for the West Midlands

1989 COMPANY	ACTIVITY	JOBS LOST
McKechnie	Curtain tracks	125
Frederick Cooper	Double glazing products	30
Wagon Industrial	Microwave oven pressings	170
Concentric	Gas fire and cooker controls	63
Delta	Building & plumbing products	125
Birmingham Mint	Electric switches	50
Tatung	TV sets & satellite receivers	95
Parkinson Cowan	Gas cookers	100
Dom Holdings	Construction industry fixing	60
Yale & Valor	Locks	68

"The building sector, for example, hasn't suffered as much as the consumer area because you can't turn the tap off in building with quite such ease. But it has certainly levelled off, and given three to six months with no change in the economic situation, we would expect it to decline," McKechnie is not alone. It is simply unusual in having spoken out so boldly. As the table shows, many other companies have been shedding jobs without hitting the headlines.

One reason why these job losses have attracted little attention is that, at this stage, many companies have been able to achieve them through natural wastage rather than compulsory redundancies. Often, the first jobs to go are repetitive ones on the production line performed by a predominantly female workforce, and a high turnover of personnel makes the job cuts easy to achieve.

A spectacular example of this came from the East Midlands last week when it emerged that Pressac, a Nottingham-based manufacturer of electrical components, had quietly shed no fewer than 500 of its 1,800 employees through natural wastage over the last 11 months because of a downturn in sales to domestic appliance manufacturers.

Another reason why the alarm bells have not rung particularly loudly is that West Midlands manufacturing industry has been insulated from the downturn in demand for consumer goods by its heavy reliance on the automotive sector, which continues to defy gravity.

True, Rover announced last week that it was to lay off its Cowley workforce for the first week of November,

December and January. But it would be wrong to read too much into this: the company says the move is simply a more efficient way of dealing with seasonal fluctuations in demand than an indicator of any downturn in sales.

Few, however, believe the automotive sector will hold up forever. As McKechnie's Dr Butler remarks: "At the moment, the automotive side is still going quite strongly, but even here, we feel that given these high interest rates and the slowdown in other parts of the economy, the automotive sector can't be proof against something happening to it."

The knock-on effect of high interest rates is showing through in other ways. Mr Eddie Garvey, managing director, engineering, of Delta, the industrial group, tells how demand for plumbing fittings and other building products has not only been hit by lower activity levels, but also by destocking throughout the chain leading from manufacturers to end-users.

"All the tell-tale signs are there," Mr Garvey says. "When you do secure the orders, the volumes tend to be lower than they had been hitherto, and there's been quite a bit of rescheduling. What it means is that people across the whole spectrum are destocking, and clearly we are contributing to it because we are trying to get our stocks down too."

On capital spending, the message is mixed. Some companies echo Mr Tony Firth, chairman of Concentric, the Birmingham-based components group, who says: "When you see an awkward investment coming, that is the time to invest, because you have got to become more competitive." But others confirm that

non-essential spending - for example, on replacement plant and equipment - is being deferred.

One example of how this is beginning to feed through into other sectors comes from Rudge Littley, a West Bromwich foundry which makes castings for the machine tool trade - lathe beds, milling machine columns and the like. Until recently, says managing director Mr Roy Everett, Rudge Littley's 150 workers were on a six-day week. But in the last month, business has slumped.

"Most of our customers' export markets have held up, but their home markets are dead as a dodo," Mr Everett says. "I don't think anyone's investing in capital equipment now. We deal with quite a few small machine shops and they're very tight on cash. If I was to suggest to one of them that they put in a new CNC lathe, they'd laugh me out of the office."

Mr Everett himself has deferred plans to set up a £140,000 machine shop, and other examples of small businesses tightening their belts are commonplace. For example, Ben Bros (Pressings), a Birmingham company with 200 employees making clamps and brackets for the undersides of motor cars, is seeing good demand for its products but has put off plans to buy £250,000 worth of equipment to mechanise its assembly line. The equipment would have been British made, but managing director Mr Benares Shah says: "With interest rates at these levels, we just can't afford it."

The smaller the company, it seems, the greater the gloom. Rudge Littley's Mr Everett says: "I don't think there's any doubt that we are entering into a recession." But manufacturers of all sizes are talking about a hard landing.

Mr Eddie Kirk, chairman of the Walsall-based mini-conglomerate Frederick Cooper, which last week warned of static profits for the current year, says: "Most of the people I talk to are pretty gloomy about the prospects. We're told that we should be exporting more, but two of our biggest markets, France and West Germany, have interest rates that are less than half of ours."

One small comfort is that if many in the West Midlands believe manufacturing industry is already entering recession, few believe that recession will be as bad as the last one.

Mr Ian Fox, finance director of Wagon Industrial, the Telford-based manufacturing group, says: "The West Midlands is very much better capable of handling a downturn in business than it was in the early 1980s."

"It's quite clear that the manufacturing sector is much leaner and fitter mixed. Some companies echo Mr Tony Firth, chairman of Concentric, the Birmingham-based components group, who says: "When you see an awkward investment coming, that is the time to invest, because you have got to become more competitive." But others confirm that

Northern Ireland

Time for a fresh look at the province's economy

By Norman Gibson

Northern Ireland remains economically the least favoured region of the United Kingdom, despite Government efforts over the last forty years. The "troubles" clearly have had their effects, but even without them the economy would have experienced serious difficulties. Clearly it is time to raise some searching questions about Northern Ireland's economic structures and performance.

Above all, why is economic growth not faster and why do labour markets not clear and generate full employment?

Throughout the 1950s and 1960s, Gross Domestic Product (GDP) in Northern Ireland grew somewhat faster than in the rest of the UK and at much the same rate as the latter in the 1970s and 1980s.

However, GDP per head in Northern Ireland remains much lower than in any other region of the UK; it is currently some 23 per cent below the average and around 41 per cent below the south east of England. Rates of unemployment exceeded those in Great Britain by some 4 to 8 percentage points.

Northern Ireland as an integral part of the UK economy and benefit rates centrally designed for the whole of the UK are necessarily appropriate to a region with persistent and relatively heavy unemployment and where output per head is over 20 per cent below the UK average.

Similarly, a fixed one-to-one exchange rate rules out any possibility of a real devaluation as a stimulus to economic activity. Wage and salary scales the same or very similar to those in comparable forms of employment in Great Britain, combined with the relative size of the public sector, must be expected to distort the functioning of the region's labour markets. To the extent that wage and salary levels are appropriate to market conditions in Great Britain there is no good economic reason to suppose they are automatically suitable for Northern Ireland.

Indeed, on the face of it, they may contribute to sustained unemployment and loss of output. It would be foolish to deny that Northern Ireland gets

estimate of the subvention is £1.7bn, excluding "the extra cost of the Army's task in Northern Ireland," put at £225m. The subvention amounts to about one-third of the revenue required to meet public expenditure (excluding the Army) which as a percentage of GDP is almost two-thirds; and some 42 per cent of all employment is in the public sector.

Dependence on the British economy is therefore a central feature of the Northern Ireland economy. A critical question is whether or not the extent and scale of this dependence is conducive to achieving faster growth and full employment in Northern Ireland.

A key feature of this dependence is what may be described as the levying on Northern Ireland economy of a system of fixed prices. These include: tax and benefit rates; a one-to-one parity exchange rate with sterling; very similar sets of interest rates and rates of price inflation; and largely common wage and salary scales, particularly in the public but also in the private sector.

Putting aside the issue of a common currency with Great Britain (or, alternatively, irrevocably fixed exchange rates) on the perhaps heroic assumption that its benefits outweigh those of any alternative currency arrangements there remain the critical issues of common taxes and benefits, the scale of public expenditure and largely common wage and salary scales.

There is a strong case for a searching and independent review of UK taxation and fiscal policy and their consequences for the Northern Ireland economy.

Past attempts to offset these in part - largely through capital subsidies on company investment - have not brought about sustained improvement in economic performance. Nor is it good enough to dismiss the suggestion of such a review because it also gives rise to far reaching political and constitutional issues.

It is equally controversial to question the dogma of parity of wage and salary scales with those in Great Britain. But this too must be addressed as well as the institutional structures which sustain it if we are seriously concerned about persistent and heavy unemployment.

After all, it has serious economic, political and social consequences, and leads to a related and perhaps precarious dependence on the British Exchequer. Any such review would be bound to pose hard choices in both economic and political terms. So too, however, does the status quo - if we have the imagination and openness to admit it.

many benefits from the present form and structure of its constitutional and other economic links with Great Britain - not least a relatively large subvention. But it certainly is not obvious on the basis of Northern Ireland's economic history that the links and the scale of the subvention and related public expenditure are optimal in economic or political economic terms.

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Any such review would be bound to pose hard choices in both economic and political terms. So too, however, does the status quo - if we have the imagination and openness to admit it.

The author is Pro-Vice-Chancellor at the University of Ulster. He writes here, however, in a personal capacity.

LETTERS

A what-you-wish charter

From Mr Peter Robinson.
Sir, David Buchan and Jimmy Burns' article "Storm gathers over Social Charter", and your leader on the European Social Charter, were soundly argued (October 30). There are four points which need to be made clear.

● The charter is not much more than a political commitment into which European Community member governments are expected to enter but - aside from the health and safety field - imposes on them no legal obligations.

Essentially, EC governments will be able to make of the charter what they wish.

● Given this, and that the charter is so vague in many areas (with, for example, its advocacy of "adequate" social benefits), why is it arousing so much fuss?

● The German position on the charter is contradictory; on the one hand it is argued that the highly regulated German labour market, with its well established system of worker participation, is an aid to German industrial efficiency; on the other hand the Germans worry about being undercut by countries which offer less social protection. Both these arguments cannot be true simultaneously.

● The issue of a trade-off between economic efficiency and social protection, if one exists, should be left to EC member governments to decide. The organisation which I represent would argue that this trade-off may be more apparent than real, and we support many of the principles which underlie the European Social Charter.

But if the British Government is short-sighted enough to deregulate the working hours of teenagers, encouraging them to get jobs rather than stay in school, it carries no obvious implications for the European internal market or political integration. These seem to be only a limited case for Brussels making decisions in this field.

Peter Robinson, Deputy Director, Campaign for Work.

'Is there any good guy in this plot full of villains?'

From Mr George Georganas.
Sir, I have followed with interest the debate on pigmeat import levies in your columns (David Richardson's article, October 17; Mr Paul Howell's letter, October 23).

As a farmer, Mr Richardson naturally wants the highest return from his pig enterprise, whether at the expense of the European taxpayer/consumer or not. But as a journalist he ought to give his readers all the pertinent facts.

There are four, not two, instruments for the EC pigmeat market management policy. Mr Richardson mentions anti-dumping levies and private storage aids, but not export refunds and variable "regular" import levies.

These are separate from and supplementary to the anti-dumping levies. They are levied on all imports to the EC, not only on those from the eastern bloc. The debate in the European Council is on how to eliminate these variable "regular" import levies.

Because feed is more expensive in the EC market than in the world market, the variable levy protects EC pigmeat producers from competitors having access to the cheaper feed. Thus pig producers in the EC receive a price 37 per cent higher, on average, than that received by producers in, say, the US.

Not even Mr Richardson contests that the net result is to EC farmers' advantage.

The European Commission feels that this situation is too good. It proposes to bring the

levies down, more in line with world prices and technical developments. But it is relatively easy to enter pigmeat production once the facilities and expertise exist on a farm and the demand for consumer goods by its heavy reliance on the automotive sector, which continues to defy gravity.

True, Rover announced last week that it was to lay off its Cowley workforce for the first week of November,

managing the market? Furthermore, should he get that power, will he have the courage to shun the small, organised (and thus politically useful) farm lobby, in favour of the millions of unorganised (and politically expendable) European consumers? The example of the US Congress is not encouraging. But Mr Howell's frank outspoken style gives me hope that the European Parliament will do better.

The Financial Times itself seems not to have done its homework on the matter. Otherwise you would not have added a cartoon and a headline attacking politicians to the letter from Mr Howell - a member of the European Parliament, claiming more power for his institution.

Farmers, journalists and politicians in this story do not come off very well. Is there any good guy in this plot full of villains? Think of the much-maligned EC bureaucrats. Their interest is to keep levies high: the EC would receive more money from levies, and they would claim a higher budget to support the price when it collapses - usually, a higher budget means promotion and prestige. Yet they sacrifice personal advancement for the sake of the consumer, the small farmer, and economic sanity. Are they not worthy of some praise from us all - especially from our opinion leader, the Financial Times?

George J. Georganas, rue Th. Vincotte 21, B-1030 Brussels, Belgium

USM/Third Market merger

From Mr George Sanders.
Sir, Vanessa Holdier's article (October 24) announcing the expected merger of the Third Market and the USM (unlisted securities market) was an innocuous start to a process with considerable commercial effect.

The detailed proposals must ensure that all companies whose securities are currently dealt in on the Third Market are able to transfer to the USM, so as not to deprive Third Market investors of the marketability of their shares.

No doubt transitional arrangements (designed to allow Third Market companies to come into line with the USM) will be needed. But has anyone thought that it may not be practicable to expect these companies to meet the

USM requirement that a minimum 10 per cent of shares should be in public hands, let alone within a specified time limit - even if extended?

Some third market companies may believe that merging the two markets will bring about greater liquidity. If so, it will be welcomed - not least by participants and investors in the current Third Market. But it is far more likely that the shares of the relatively high-risk Third Market companies will simply remain of interest to a restricted class of investor.

Let us make sure the merger is not just a case of *plus ça change, plus c'est la même chose*.

George Sanders, Wilde Septe, 60 Upper Thames Street, ECA

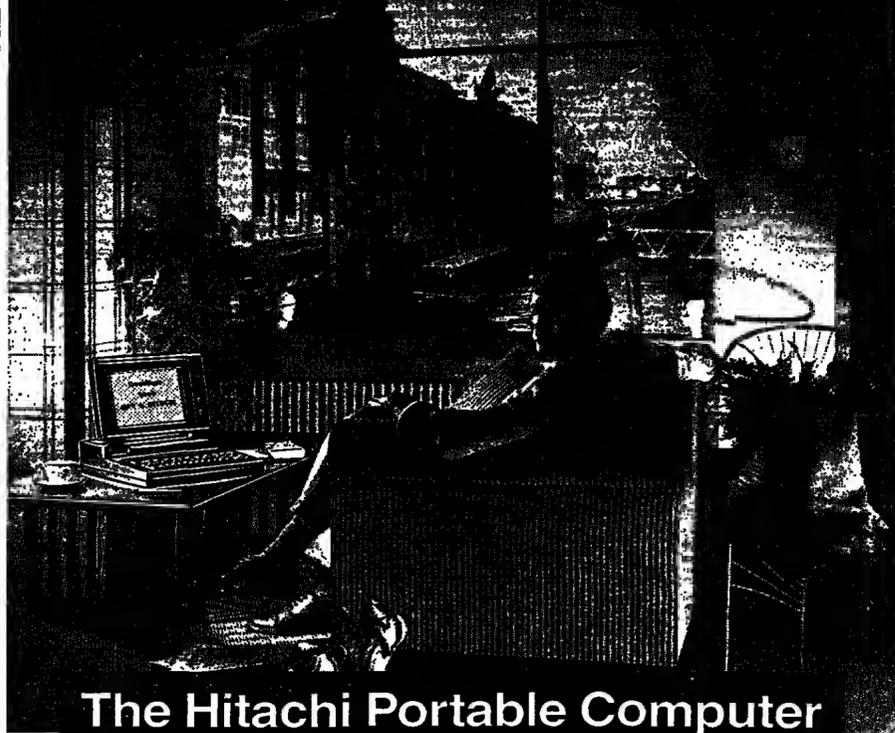
Me first, please

From Mr E.C. Bowman.
Sir, Penelope Mayhew has a point about the word "me" (Letters, October 28). If the current standard of English is not improved by better education in UK schools we shall surely lose some cherished words.

It is probably because of American influence that we no longer much use the simple word "lend." "Lend" has given way to "loan" as a verb. One might also speculate on the (now falling) use of "give" in such a pleasant word, yet it seems out of favour: things are now always "donated" or - in Scotland - "gifted."

E.C. Bowman, Cold Wall Farm, Mellor, Stockport, Cheshire

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Treasury plans tougher rules on money transfer

By Lionel Barber in Washington

THE US Treasury has proposed stricter rules on the international transfer of money in an effort to clamp down on drug traffickers moving millions of dollars in and out of the US.

The proposals are part of a Federal government effort to enlist banks in the campaign against money laundering, but they may face resistance from financial institutions who are wary of increasing their operating costs.

The proposals, published yesterday in the Federal Register, include a requirement for banks to keep detailed records identifying the originators and recipients of international transfers.

Also under consideration are new reporting requirements covering more than the current figure of \$10,000 or more for cash deposits or withdrawals. A third suggestion is for banks to draw up profiles of suspicious transactions,

following "know your customer" procedures.

The Treasury proposals are being discussed between banks and other government regulatory agencies fighting money laundering, and are subject to a 60-day period of consultation before final regulations are drawn up. A Treasury spokesman said the agency was "committed to the development of a regulatory solution to money

laundering... that balances the need for law enforcement, the benefits of the free flow of capital in the global financial network and the concerns of financial institutions."

According to a report to President Bush last September, spending on Federal investigations of money laundering was due to rise to at least \$140m next year.

US banks take the front line in drugs war

Henry Hamman looks at legislation aimed at stopping the laundering of dirty money

If the US is fighting a war on drugs, then it is on the money laundering front that the anti-drug generals see their greatest chance of success.

The front-line troops in this war, however, are not law enforcement agencies, but banks and financial institutions.

New laws and accompanying Treasury and Internal Revenue Service regulations are forcing US financial institutions to take much greater responsibility for selecting their clients and making sure those clients are law-abiding.

The impact of this way of doing business was a major topic of a two-day symposium last week on money laundering sponsored by the University of Miami's Graduate School of International Studies and a coalition of anti-drug and banking groups.

What has turned money laundering, the art or science of converting illicitly-earned funds into "legitimate" money, into an important issue in the US is the near-obsession with illegal drugs which is gripping the country. Since previous efforts have failed to curb the lucrative drug business, politicians and law enforcement officials now hope that cutting the profitability of the business may succeed where past efforts failed.

Mr Dick Thornburgh, US Attorney General, told the symposium that by stopping money laundering the Government hoped to "break the drug

FINE	DATE	INSTITUTION
\$4,750,000	Jan 1988	Bank of America/BA Cheque Corp
\$3,010,000	July 1985	Oscar's Money Exchange
\$2,250,000	Aug 1985	Crocker National Bank
\$1,900,000	Feb 1986	Texas Commerce Bancshares
\$987,000	Nov 1985	Seattle First National Bank
\$903,000	May 1986	Security Pacific National Bank
\$600,000	Sept 1986	McCorp, Brownhill
\$500,000	Feb 1986	Bank of Boston
\$500,000	Feb 1989	Ponce Federal Bank, Puerto Rico
\$350,000	Jun 1985	Chase Manhattan
\$320,000	Jun 1985	Manufacturers Hanover Trust
\$315,000	Apr 1986	InterFirst Corporation
\$285,000	Jun 1986	First Bank System
\$285,000	May 1987	Shawmut Bank, Boston
\$289,504	Dec 1985	Norstar Bancorp
\$269,750	Oct 1985	Fliggs National Bank
\$220,000	Jun 1989	United Orient Bank
\$245,199	Jul 1986	First Bank System
\$220,000	Apr 1986	Connecticut National Bank
\$219,000	Oct 1986	Michigan National Corp

These civil penalties were imposed by the Treasury Department for failure of the financial institutions to comply with the Currency Transaction Reports (CTRs) where more than \$10,000 in currency was involved in the transaction.

Source: US Treasury, Money Laundering Alert

dealers by impoverishing them."

The principal legal tools the Government is using are: the misleadingly named Bank Secrecy Act of 1986, the Money Laundering Control Act of 1986 and the Anti-Drug Abuse Act of 1988. The new laws require financial institutions to report details of many financial transactions, both domestic and international. In addition, they are being pressed to act as agents of the Government, reporting to the authorities "suspicious" transactions by their clients.

Under the laws, whose full provisions take effect with the new year, financial institutions that are found to be guilty of

"gross negligence" in reporting can face fines of \$10,000 a day. There is also the prospect of criminal liability.

Financial institutions are already required to report transactions involving \$10,000 or more, either in US or foreign currency. But the banks are also being told they must obtain strict identification before they issue bank cheques, travellers cheques, cashier's cheques or money orders for \$100 or more. And they are being told that failing to verify adequately customer information may make them liable not only to fines, but also prosecution.

Furthermore, under new Treasury Department regula-

tions that came into effect on September 15, the department is allowed to "target" financial institutions in areas where there is believed to be a high incidence of money laundering. Institutions in the targeted area can be required to file reports on cash transactions below the \$10,000 level.

Banks are worried that if they are targeted, they will face massive reporting burdens which will add to costs and could slow normal business activity.

But it is the rupture of the institutional relationship of confidentiality with customers which has many bankers most concerned.

Banks will also have to learn more about the banks with which they have correspondent relations, since if the correspondent is found to be involved in money laundering or other improper activities, there is a potential liability.

Mr Peter Fowler, a Miami-based vice president of Barclay's Bank, said the new regulatory and legislative climate were adding to the risks and responsibilities of international private bankers.

He said private banks were turning away walk-in customers, and were instead insisting on references, even if the prospective client only wished to deposit money.

clients, while another bank was refusing to accept any cash deposits.

The anti-money laundering drive has a strong international component, too, and marks another extension of the extra-territorial thrust of recent US legislation.

The Kerry Amendment to the Anti-Drug Abuse Act requires the Treasury Secretary to seek bilateral agreements with other countries on co-operation in money laundering cases and to make it easier to exchange bank records. An interim report on progress is due this November and a final report a year later.

If in that final report it is found that a country has negotiated in bad faith, the President is authorised to terminate banking relationships with the country.

Eventually, the legality of all these new laws will have to be tested in the Supreme Court. But until then both banks and their customers can look for more and more government intrusions into what was once a largely private relationship.

Even some of the enforcers are beginning to worry that the price may be too high. Mr K. Rowland, a regional counsel for the US Customs Service, warned that "there is a large segment of this society that is crying out for more regulation." But, he said, the new laws would not catch only lawyers and accountants, individuals are going to be injured - that's a fact.

The golden share as ornament

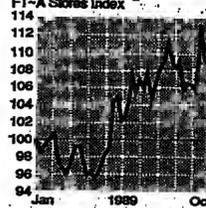
THE FIN COLUMN

First Britoil, now Jaguar. After yesterday's duck-diver by the Government, there seems little reason for any golden share to be taken seriously again.

Indeed, given the stress laid by Mr Ridley on the threat posed by Jaguar's golden share to market efficiency, one might ask whether such arrangements are consistent with Government ideology at all. As it happens, all the golden shares now left are of the permanent kind designed to protect public interest companies like Rolls-Royce or British Gas. But the public interest can be protected by the Monopolies and Mergers Commission, meanwhile ten new time-limited golden shares, of the kind for which the Government is now left with the permanent kind designed to protect public interest companies like Rolls-Royce or British Gas. But the public interest can be protected by the Monopolies and Mergers Commission, meanwhile ten new time-limited golden shares, of the kind for which the Government is now left with the permanent kind designed to protect public interest companies like Rolls-Royce or British Gas.

Marks & Spencer

Share price relative to the FT-A Share Index



Marks and Spencer

Yesterday's 12 per cent increase in Marks and Spencer's interim pre-tax profits, when most other retailers are seeing their profits at first sight like an old story. The pattern has been there for decades: M & S and its share price always outperform the bulk of the sector by a wide margin in hard times. This time, though, M & S seems to be doing more than merely display the defensive qualities of its brand. There has been plenty of talk about a quiet managerial revolution at M & S, but the hard data are now visible: UK retailing margins are up from 5.4 per cent in 1988 to 10 per cent now, and there are more improvements in the pipeline, from M & S's investments in point-of-sale technology, first in clothing, then in food retailing from 1990.

Besides Canada, a comfortable Canada, Brooks Brothers in the US is the only worrying element. The halving of operating profits there was hardly a good omen; but the dip rise in the shares yesterday to 189p suggests that the market will remain sanguine about that, provided UK retailing keeps forging ahead.

of the Federal Reserve all indicate that the UK is better than two most important people in UK economic policy making has run long and deep. There is no question that the Government's international credibility has been damaged.

The question now is whether Mr Major can patch things up. The initial mixed reaction of the foreign exchange markets to his first comments may encourage the Government to believe that the worst is over. If so, it is almost certainly being over-optimistic. The equity market may have more than recouped its losses since Mr Lawson resigned and sterling has stopped falling. But Mr Major has to prove to the markets that he is his own man. Yesterday he was suggesting that UK economic policy continues just the same as before. Sooner or later the foreign exchange markets will put this to the test.

DRG deserves some sympathy as it tries to fight off a cash bid in a nervous equity market, however cynical one might be about its Damascene conversion to a full bid of its own. For Lucky Jaguar shareholders, there seems little downside either way.

Yesterday's 15 per cent jump in Jaguar's share price neatly reflects the fact that payday has been brought a year forward at a time of 45 per cent interest rates. One can scarcely doubt that an outright bid from Ford is imminent. The only question is whether GM, its plans scuppered by the Government's volte-face, feels like coming back with a full bid of its own. For Lucky Jaguar shareholders, there seems little downside either way.

Sea Containers

Right to the last moment Sea Containers was still fiddling with the details of its massive recapitalisation plan, which hardly inspires confidence. The company proposes to sell roughly half its business for \$620m and use the proceeds to make a tender offer of \$70 a share for some two thirds of the free equity. Investors will also get a 15 per cent preferred share worth another \$25 and retain a stake in a much shrunken group which is to be able to earn \$13 a share in 1991. Given Sea Containers' erratic record this profit projection is not particularly helpful. But if you accept that and the company's arithmetic, you can get a value of \$80 a share. It sounds a lot, but there is still something rather reassuring about the \$63 a share in cash from Tropicana is offering for the whole company.

Lawson blames Thatcher

Continued from Page 1

"a difficult year ahead" but voiced confidence in the underlying strength of the economy. He said: "Markets can see that policy has not changed and will not be changed," he said. "No change in policy means this: I will set interest rates as high as is needed, for as long as is needed, to get inflation down."

Response to a renewed Labour onslaught both on the Government's economic policy and on Mrs Thatcher's leadership style, Mr Major indicated, however, that there may be changes of emphasis from the policy operated by Mr Lawson.

A comment that he intended to maintain a tight fiscal policy was seen by many MPs as a signal not to expect cuts in income tax in Mr Major's first Budget next spring.

In the Government's supporters described as a good first performance as Chancellor, Mr Major underscored his commitment to full participation in the EMS but stressed that the conditions laid down at June's Madrid summit had to be met.

"Without them, entry into the ERM would neither be in our interests of Europe's. But, with them, membership of the ERM will bring benefits to this country as it has to its present members", he said.

He appeared to signal that he may be tougher than Mr Lawson in his efforts to bring down inflation and that he was less confident that the country's massive trade deficit would be entirely self-correcting.

Mr Major said that much of the deficit could be attributed to the combination of too rapid growth in domestic demand - now being curbed by high interest rates - and by the present investment boom.

Soviet parliament rejects price rises for beer and cigarettes

By Quentin Peel in Moscow

THE Soviet parliament yesterday overwhelmingly rejected plans for big price rises for beer and cigarettes proposed by the Minister of Finance to pay for increased social spending in the coming year.

Soviet also rejected a 10 per cent cut in the budget for Soviet state radio and television, suggested as another urgent money-saving measure.

The parliament, however, then approved the budget and plan for the coming year, described by Mr Mikhail Gorbachev, the state president, as imperfect and "transitional" plans.

The refusal to countenance price increases, in spite of a huge Budget deficit deficit state subsidies on food products and loss-making industry, shows how deep the Soviet popular resistance to price

reform is likely to be.

The plan for beer and tobacco hikes - of 20 per cent on the former and 30 per cent on the latter - was proposed by Mr Valentin Pavlov, the Finance Minister, and seen by many as a backdoor attempt to get the public used to higher prices.

The government has said it will push up wholesale prices for key items like fuel and energy, cement and building materials, next year - but has promised not to alter retail prices before 1991.

More than 300 Soviet workers have lost their jobs since 1986, because of the economic reforms introduced by Mr Mikhail Gorbachev, and unemployment will total between 15m and 16m by the year 2005, according to an article in Pravda, the leading Communist Party newspaper.

In the most open treatment

yet of a once-taboo subject, the newspaper calls for radical measures to provide retraining, as editor of Pravda in place of Mr Viktor Afanasyev, a leading conservative figure. Draft-dodging concern, Page 3

The forecast of 15m-16m unemployed does not include any provision for those who will be made jobless in the defence sector, either in defence conversion or in the reduction in the strength of the armed forces, the author says.

He also does not appear to make any allowance for the creation of jobs to replace those lost in the shake-out caused by perestroika.

The article is one of the most outspoken since the appointment of Mr Ivan Frolov, a close political aide to President Gorbachev, as editor of Pravda in place of Mr Viktor Afanasyev, a leading conservative figure. Draft-dodging concern, Page 3

Jaguar left exposed to takeover

Continued from Page 1

Mr Ridley's announcement caused concern and dismay at Jaguar's Coventry headquarters. Sir John Egan, Jaguar's chairman and chief executive, was not informed of the Government's planned announcement until midday.

The Labour Party opposition sharply attacked the Government's action.

Mr Bryan Gould, Shadow Trade and Industry Secretary, said it was a "black day for the British motor industry."

He asked what was the point in having the golden share if it was to be abandoned.

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Nearly 9m Jaguar shares were traded in London in little more than an hour.

The Government failed to inform the New York market and trading continued in the US until the company informed the Nasdaq over-the-counter market of the London suspension.

London's Third Market 'to close'

By Richard Waters in London

THE LONDON Stock Exchange's Third Market for small company shares is to be closed as part of an overhaul of the existing three-tier stock market, according to exchange proposals announced yesterday.

The planned changes, which include lower entry requirements for both the main market and the Unlisted Securities Market, are prompted by European Community legislation which comes into force at the start of next year, but also reflect a broader review of the exchange's markets.

Mr Andrew Hugh Smith, the exchange's chairman, accepted

that the Third Market had not been a success. This was largely because it had not been regulated by the exchange but relied on the sponsors which bring companies to the market, he said.

Under the proposals, the main market will be opened to companies with a three-year trading record, rather than the existing minimum of five, while the minimum USM requirement will be reduced from three to two years.

From the start of next year the three-year rule will equal the minimum under European Community law. The exchange feared that, by clinging to a

higher entry level, it would risk losing business to other European markets.

The new two-year rule for the USM is intended to leave scope for a junior market after the main market rule is relaxed.

Most of the 64 existing Third Market companies will be able to take advantage of relaxed entry requirements to move on to the USM, the exchange said.

The changes are intended to take effect at the start of next year but may be deferred until the end of January to allow more time for consultation. Details, Page 11

WORLD WEATHER

City	Temp	Wind	Cloud	Pressure	Humidity	Visibility
Algeria	18	10	10	1013	65	10
Alexandria	22	10	10	1013	65	10
Amman	18	10	10	1013	65	10
Ankara	12	10	10	1013	65	10
Bangkok	28	10	10	1013	65	10
Bombay	28	10	10	1013	65	10
Buenos Aires	18	10	10	1013	65	10
Calcutta	28	10	10	1013	65	10
Cairo	22	10	10	1013	65	10
Chennai	28	10	10	1013	65	10
Colombo	28	10	10	1013	65	10
Delhi	18	10	10	1013	65	10
Dhaka	28	10	10	1013	65	10
Dublin	12	10	10	1013	65	10
Hanoi	28	10	10	1013	65	10
Harbin	12	10	10	1013	65	10
Hong Kong	28	10	10	1013	65	10
London	12	10	10	1013	65	10
Los Angeles	18	10	10	1013	65	10
Lyons	12	10	10	1013	65	10
Manila	28	10	10	1013	65	10
Medan	28	10	10	1013	65	10
Meppen	12	10	10	1013	65	10
Mumbai	28	10	10	1013	65	10
Nairobi	18	10	10	1013	65	10
Paris	12	10	10	1013	65	10
Rangoon	28	10	10	1013	65	10
Reykjavik	12	10	10	1013	65	10
Riyadh	28	10	10	1013	65	10
Singapore	28	10	10	1013	65	10
Sourabaya	28	10	10	1013	65	10
Taipei	28	10	10	1013	65	10
Tokyo	18	10	10	1013	65	10
Urumchi	12	10	10	1013	65	10
Vancouver	12	10	10	1013	65	10
Yokohama	18	10	10	1013	65	10

Mitsubishi in Rockefeller Group deal

Continued from Page 1

Japanese companies have been extremely active investors in the US property market group, announced its \$3.4bn purchase of Columbia Pictures Entertainment, the Hollywood film and television production company. That provoked outcry in the US about the selling of the country's cultural heritage. The Mitsubishi deal gives the Japanese company a large area of midtown Manhattan.

Mr Jotaro Takagi, president of Mitsubishi Estate said Japan government officials gave their approval after agreement

was reached with Rockefeller but an official of the influential Ministry of International Trade and Industry (MITI) said there was a certain reluctance in the US to the deal because it involved a symbolic name.

The size of Mitsubishi Estate's long-term share of the Center is complicated by a public offering in 1985 which, if all the conversion options are exercised, provides for public ownership of 71.5 per cent of the complex in the year 2000, while the Rockefeller Group retaining at least 28.5 per cent.

UK markets

Any suggestion that there has not been a major row between the Prime Minister and her ex-Chancellor, the two most powerful people running UK plc for the last six years, will have been quashed by Mr Lawson's performance yesterday. The bitter attack on Sir Alan Walters, the impassioned plea for early entry to the EMS and the proposal to turn the Bank of England into something akin to the Bundesbank

caused concern and dismay at Jaguar's Coventry headquarters. Sir John Egan, Jaguar's chairman and chief executive, was not informed of the Government's planned announcement until midday.

The Labour Party opposition sharply attacked the Government's action.

Mr Bryan Gould, Shadow Trade and Industry Secretary, said it was a "black day for the British motor industry."

He asked what was the point in having the golden share if it was to be abandoned.

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TELECOMMUNICATIONS

Zonephone goes live

Zonephone, the world's leading telepoint portable telephone service from Ferranti Industrial Electronics has been awarded a contract by Hydro-Electric for a digital microwave communication system.

The new system replaces existing low capacity analogue links and extends Hydro-Electric's digital network from Inverness through the Great Glen to Fort William and then to the Island of Mull.

The radio equipment ordered is the most spectrally efficient 2 x 2 Mbit/s variant of the Ferranti Type 24000 family of digital radios.

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INSIDE

A welcome fillip for Frankfurt

After the fall, the fillip. German bourses were particularly badly hit by last month's sharp fall in world stock markets, so it was understandable that Frankfurt Stock Exchange officials and dealers gave a warm welcome to yesterday's news from Mr Helmut Haussmann, the West German Economics Minister (above), that the stock exchange turnover tax would be abolished from 1991, two years earlier than planned. The move would exert a positive influence on share prices, and improve the city's attractions as a financial centre, they said. Page 25

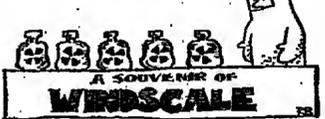
Shifting the balance

The waning fortunes of Codelco, Chile's state-owned copper giant, and the brisk expansion of private - especially foreign-owned - mines, will shift the balance of Chilean national production in the 1990s. According to a study by the private sector's National Society of Mining, private production will rise from its current share of about 22 per cent to more than 50 per cent of total national production during the next decade. And this turnabout for the world's largest producer is prompting criticism from copper experts in the political opposition, writes Barbara Durr. Page 36

Not as tough as feared

The soft commission brokers have much to celebrate. In reacting proposals on their business, the UK's Securities and Investments Board has resisted calls from some fund managers to ban soft commissions altogether. Instead, it is to prescribe a list of the services that can be "softed" and to require greater disclosure of the arrangements. Page 26

Robots on the coast



On England's north-west coast stands a £250m glassmaking plant. But this is no ordinary operation and no ordinary glass. The latest technology is harnessed to the full, with robots converting hot liquor into glass ingots - and the raw material is radioactive waste. The Windscale Vitrification Plant at the British Nuclear Fuels Sellafield reprocessing factory in Cumbria is designed to solidify for permanent storage the highly radioactive effluent streams produced through reprocessing spent nuclear fuel. David Fishlock reports. Page 25

One into two

The stock markets in Malaysia and Singapore used to reflect how much the two countries' economies were actually over Malaysia's tapped rubber, while Singaporeans sold it to the world. Singapore, with its international financial links, handled as many Malaysian stocks as the Malaysians themselves. So when Malaysia decided last week to pull its companies out of Singapore, the realisation about just how far the two economies had drifted apart came with a jolt. Page 46; Malaysian link, Page 24

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Chief price changes yesterday

FRANKFURT (DM)		PARIS (FFr)	
DLW	640 + 10	Elf	258 + 58.3
Deutsche Bk.	556 + 5.5	Sanofi	2300 + 120.9
Deutsche Ind.	740 + 10	Heidelbrg	230 + 24.2
Deutsche L.	325 + 9	Lysa des Bas	471 + 27.5
Deutsche P.	233 - 21	Peugeot	890 - 17.4
Deutsche R.	355 - 5	Saatchi	2760 - 68.2
Deutsche T.	210 + 10	Thyssen	2280 + 240
Deutsche V.	210 + 10	Unicel Ind.	7490 + 630
Deutsche W.	210 + 10	Sain-Hobe	1880 + 130
Deutsche X.	210 + 10	Toyo Tm	7850 + 250
Deutsche Y.	210 + 10	Yokohama	2300 - 200
Deutsche Z.	210 + 10	Sasol	850 - 20

M and S up 12% midway

By Maggie Urry in London

MARKS and Spencer, Britain's most profitable retailer, yesterday demonstrated that stores groups could still prosper in difficult trading conditions. It reported interim pre-tax profits up 12 per cent to £20.7m (£890m), better than most stockbrokers' analysts had expected. The shares rose 9p to 189p.

Mr Keith Oates, M and S finance director, said: "You cannot allow economic conditions to dominate you; you must dominate them."

Even so, he said the group was taking a cautious stance on the second half following the further rise in interest rates. He said he was looking forward to a good Christmas, but had his fingers crossed.

At a time when other British retailers are suffering sharp falls in profits M and S's performance drew praise from analysts. Mr Paul Deacon, retail analyst at Goldman Sachs, the investment bank, said: "It all goes to prove that M and S is a tremendous company."

UK operations profit margins rose from 9.4 per cent to 10.6 per cent. Mr Oates said these gains partly came from the heavy investment the group has made in computer systems. Stock con-

Meggitt may drop £104m bid for USH

By Andrew Bolger in London

MEGGITT, the engineering group, said last night that it might not proceed with its hostile £104m (£188.4m) bid for United Scientific Holdings even though it is close to victory.

By yesterday afternoon, Meggitt's offer had been accepted by shareholders representing 49.94 per cent of the troubled defence contractor's ordinary shares.

Meggitt declared the offer final and withdrew it until Friday, but also warned that it would not be prepared to proceed any further unless it obtained more information about USH's financial position.

Meggitt's offer received a flood of acceptances before yesterday's Sun deadline following the publication of USH's latest defence document, which said losses and provisions at its troubled Avimo electro-optics plant in Taunton, Somerset, would amount to £17m in the year to September 30, double the amount provided for at the half-year.

Mr Ken Coates, managing director of Meggitt, said of the USH document: "I don't know if it is a defence document, a suicide note or a poison pill."

Meggitt said that in view of the level of acceptances, it would be seeking talks with the USH board. It was particularly concerned to obtain information on USH's gearing and current trading position and prospects. Mr Coates insisted: "If the figures don't add up, we will be big enough to walk away from it."

Meggitt said of USH's management: "What possible excuse can this team have for failing to disclose before now the sheer magnitude of USH's financial deterioration under their leadership?"

USH deplored Meggitt's attempt to bully its shareholders and said that, although Meggitt had said its offer was final, it astonishingly had also reserved the right to increase the offer in a competitive situation.

It appears the final straw for many USH shareholders yesterday was the size of the losses caused by the two fixed-price contracts struck by Avimo Taunton with the Ministry of Defence.

With Meggitt's shares closing up 5p at 91p, its partial share alternative values each USH share at 144p, USH shares closed at 131p, down 7p.

Even if Meggitt wins a majority of USH's shares, it could decide not to declare victory.

Most holders waive the condition of 90 per cent acceptances once they pass 50 per cent; Meggitt could choose not to do so. Background, Page 30

Ridley declares open season for the big cat

Kevin Done on the waiver of Jaguar's golden share

Sir John Egan once had the feeling that he could walk on water, but today he is having to tread water furiously just to stay afloat.

For at least 18 months the increasingly hard-pressed chairman and chief executive of Jaguar has been searching for ways of maintaining at least the semblance of independence for the UK luxury car maker once the comfortable protection of the UK Government's golden share expired at the end of 1990.

Until a few weeks ago it must have seemed that such a solution was within his grasp. After having had approaches from many of the world's leading car makers - several of whom were credited with being more threatening than helpful - he appeared to have struck a responsive chord with General Motors, the biggest car maker of them all.

After several months of secret negotiations with GM, matters were moving nicely to a conclusion. A package, the full details of which have never been made public, was being put together, in which GM would come in as Jaguar's industrial partner, but would be willing to remain a minority shareholder at less than 30 per cent.

But then the nasty surprise phone calls began.

First, on September 19, it was Mr Lindsey Halstead, chairman of Ford of Europe. He rang to tell Sir John that Ford was planning to accumulate a stake of up to 15 per cent in Jaguar. At a press conference hastily summoned at Ford's Mayfair offices, Mr Halstead spelled out that Ford was keen to become a "major shareholder".

In subsequent filings required by the US authorities, Ford has made clear that it was prepared to bid for 100 per cent of Jaguar, once the shareholding restrictions contained in Jaguar's articles of association were removed. At present, these articles say that an individual shareholder can hold a maximum of 15 per cent.

Jaguar quickly said it had also talked to Ford many months ago, but had discontinued the discussions when Ford made plain that it was insisting on majority control.

Instead, it had intensified its talks with GM. That was until yesterday's second nasty surprise phone call for Sir John.

This time, calling around noon, it was Mr Nicholas Ridley, Trade and Industry Secretary, to tell Sir John that he was making a statement later that day in which he would make it plain that the Government was ready to waive its Special Share in Jaguar.

The Government wanted out. It



Nicholas Ridley: Decided to extricate Government from potentially embarrassing situation

had decided to extricate itself from a potentially severely embarrassing situation in which it would be seen to be choosing between competing solutions for Jaguar's future salvation and ownership.

The golden share was the mechanism the Government chose for giving at least temporary protection to Jaguar from hostile predators when it privatised the company from the then state-owned British Leyland in 1984. The offer-for-sale prospectus said that the £1 nominal Special Share would be redeemed at the end of 1990.

The share was the device that put in place the 15 per cent individual shareholdings restriction.

Until yesterday, the wider world had assumed that it would stay in place until the end of 1990, or at the very least that it would be waived only with the express support of the Jaguar board. But the wider world had reckoned without Mr Ridley.

At a stroke, he has changed the ground rules for the Jaguar takeover hunt. He appears to have

Sea Containers in asset disposal plan

By Andrew Hill in London

SEA CONTAINERS is to sell a large chunk of its assets, including most of its leisure interests and some of its Sealink ferry and port interests in the UK, to fund a \$490m buy-in of more than half its shares and fight off a hostile \$1.68bn bid.

The group is to offer its own stockholders \$70 a share, in an attempt to defeat the \$63-a-share bid from Stena, a private Swedish ferry operator, and Tynhook, the UK container rental company.

The bid has been running since the end of May.

If successful, the Sea Containers offer - for 7m of the group's 13.8m outstanding shares, which will be cancelled - would leave control of the company in the hands of its directors, management and subsidiaries, which would retain at least 81 per cent of the remaining equity.

Shareholders who keep their stock, or have their acceptances scaled down, will receive a bonus preferred share, with a stated value of \$25 and a dividend rate of \$3.75, for each common share retained. Sea Containers is indicating projected earnings per share of \$13 in 1991 and \$16 in 1992.

Among the assets earmarked for sale are Sea Containers' standard dry cargo containers; eight redundant ferries and two large overnight ferries, which will be leased back. Sealink's Isle of Wight ferry service will also go, and the port facilities at Harwich and Heysham will be sold.

In addition, the group will dispose of its property portfolio, but retain its development arm in the UK. Most of its leisure industry investments will be sold - principally, the 42 per cent stake in Orient-Express Hotels.

Yesterday's statement said the sales would be conditional on shareholder approval at Sea Containers' forthcoming annual general meeting.

The tender offer would begin, said Sea Containers, if the courts in Bermuda, where the company is registered, lifted an order restricting dealings in the group's shares.

Coates Brothers accepts offer

By Nikki Tall in London

COATES Brothers, the UK inks and resins manufacturer, announced yesterday that it had agreed to a 470p-a-share bid from Orkem, the French state-owned chemicals producer. The cash bid, which carries a loan note alternative, values the UK group at £301m (£470m).

In addition, shareholders in Coates will get a special interim dividend of 20p (net) per share - as well as the already-declared interim dividend of 2.6p a share, payable in December. Orkem also revealed yesterday that it might renege a minority stake in Coates at some stage in the future.

After completing the offer, it plans to transfer certain other interests to the UK company, and may add to the business by acquisitions as well.

Its advisers declined to specify the businesses to be transferred, but Orkem takes an interest in a resins, adhesives and one of the largest decorative paint manufacturers in France.

Once this "restructuring" is complete, the French group proposes to widen this coatings group's share capital via either a private placing or a flotation of a minority interest in the business in London and, possibly, Paris.

If a flotation takes place within four years, shareholders who accept the current offer will have priority over 10 per cent of any shares offered in the market launch. They would, however, subscribe at the flotation price.

The Coates takeover is part of Orkem's strategy of diversifying away from basic chemicals towards specialty chemicals, where it is already active in fertilizer and paint as well as inks.

Only days after it announced its plans for Coates last week, Orkem completed another big part of its diversification plan, a \$365m (\$215.6m) bid for Bostik, the US-owned chemical adhesives and sealants business.

Orkem officials declined to reveal precise plans for Coates, beyond saying that they planned to step up transfers of technology to the UK company and would now be giving it fuller financial support than before.

News of the recommended offer follows an announcement last week that Orkem was considering a full bid for Coates.

Given the French company's existing 40.8 per cent stake in Coates, a recommended deal always appeared the most likely, and analysts had speculated that the price would have to be in excess of 450p a share.

Shareholders speaking for 12.4 per cent of Coates have given irrevocable undertakings to accept the offer - which, added to Orkem's existing stake, gives the French company a 53.2 per cent interest.

DRG foresees 120% dividend rise

By Clare Pearson in London

DRG, the paper and packaging company fighting a £697m (£1.1bn) bid from Mr Roland Franklin's Bermuda-based Pembridge Investments, yesterday surprised the City with a forecast that its current-year dividend payment would rise by 120 per cent.

"There has been a fundamental change in dividend thinking," said Mr Moger Woolley, chief executive, as he also revealed that pre-tax profits were expected to rise by 43 per cent to £33m in the year to end-December.

DRG's shares, valued at 890p under Pembridge's cash bid, rallied 22p to 910p after the release of what was seen as a spirited defence announcement.

The profits advance at the time of an industry-wide setback in stationery activities, is aided by a £18.9m gain from property and a 24.8m boost from a change in accounting policy on pensions. The company dismissed as "totally inadequate" Pembridge's bid, which it forecast provided shareholders with an exit price for 1989 of 10.1 and required them to forego a dividend yield of over 6 per cent. Mr Franklin immediately dismissed DRG's forecast as "inflation by one-off property profits."

He said it was inappropriate to put a multiple on the disposal programme, and this overstated the value of the company by about £84m.

Mr Franklin said it was "not worth commenting" on a section in the document taking issue with his presentation of the industrial consequences of break-up bids in the US.

This Friday marks the next closing date for Pembridge's leveraged bid, which has so far attracted acceptances in respect of 6.3 per cent of the shares, giving Pembridge 36 per cent of the target. The Office of Fair Trading has not yet cleared the bid.

Even the cabinet office has moved to Newport.

The success Newport has enjoyed in attracting new companies to the area is illustrated once again by the recent decision of one of Britain's leading office equipment manufacturers to move into the area.

In order to expand their UK operations, Bisley are establishing a major new manufacturing base in Newport, occupying 240,000 sq. ft. of factory space and creating 300 new jobs in the process.

At the other end of the commercial spectrum the TSB Trust Company are also moving into Newport, more proof if any were needed that it is a thriving, vital region of the country, offering many attractions to companies looking for the ideal relocation site.

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INTERNATIONAL COMPANIES AND FINANCE

Aga Khan buys 7.45%,
L140bn stake in Agnelli

By John Wyles in Rome

PRINCE Karim Aga Khan has been granted arguably the most privileged investment in Italian business in the shape of a 7.45 per cent stake in Giovanni Agnelli & Co, the limited partnership in which members of the Agnelli family have placed most of their holdings in the Fiat Group.

Until now the relationship between the Prince of the Ismaelites and Mr Gianni Agnelli, the president of Fiat, has been largely based on their shared love of sailing.

They began walking out together in business terms last May when the Aga Khan purchased 5 per cent of Fiat, the Luxembourg holding company, 23 per cent controlled by it,

the Agnelli's principal Italian financial holding.

Subsequently, the Aga Khan sold 18 per cent of his airline, Alitalia, to Fiat and then increased his stake in the Luxembourg company to 11 per cent of its total capital. This will now be handed over to the Agnelli partnership company in return for an issue of privileged shares, a new category with special dividend rights and voting rights at extraordinary shareholders' meetings.

The Aga Khan's holding in Giovanni Agnelli & Co will be worth, according to unofficial estimates, around L140bn (\$102bn).

The Prince's stock will be issued as part of a capital

increase which will also include 11m ordinary shares, reserved exclusively for Maria Sole Teodorani Fabbrì, Mr Agnelli's sister, who was the only significant family shareholder not to have joined Giovanni Agnelli & Co when it was formed in 1987.

She is now putting just under half - equivalent to 4.18 per cent - of her stake in Fiat, the depositary of the Agnelli family's ordinary Fiat stock, into the partnership in return for ordinary shares worth 4.67 per cent of its entire capital.

This should raise to close to 90 per cent, the share of the family's holdings in Fiat which are locked inside the partnership.

OBH plans
to reshape
as military
side slows

By John Wicks in Zurich

OERLIKON-BUEHLE Holding (OBH), the Swiss industrial concern, is to carry out a comprehensive restructuring amid difficult conditions in the armaments market and continuing group losses.

The reshaping will include the formation of two new divisions, to be known as Oerlikon-Contraves and Oerlikon-Industrie, the shedding of some 500 jobs by the end of 1990 and a move towards increased co-operation with other companies.

The OBH group, which had net losses of SFr115.2m (\$71.7m) in 1987 and SFr23.5m last year, will record a further loss of "between SFr50m and SFr100m" in 1989, Mr Michael Funk, general manager, said in Zurich yesterday.

In 1990, results will continue to be negatively affected by the cost of the restructuring programme and losses in the missiles sector. The new Oerlikon-Contraves division is to combine the arms activities of the existing military products and Contraves divisions, whose industrial (civilian) operations will pass to Oerlikon-Industrie.

Dr Dieter Bührle, company chairman, said the market for military products had been steadily shrinking for the past few years. He admitted that OBH, which he described as "almost the only wholly-private group in this field," had not done enough to counter this negative trend.

At the same time the development of the Aids epidemic had strained the company's resources. Dr Bührle said that although no marked expansion was likely in the defence sector, overall demand remained substantial and the group would not give up its military activities. It intended, however, to carry out a "decisive streamlining of structures and production programmes."

OBH expects to launch new operations in the industrial field. Mr Funk said this would make the group less dependent on military products. In 1988, these had accounted for SFr1,340m, or 31.7 per cent, of group sales of SFr4,230m.

Mitsubishi goes into philanthropy

Robert Thomson on a Japanese company's link-up with Rockefeller

In Japan, the name Rockefeller means wealth and prestige, so the announcement yesterday that Mitsubishi Estate was to take a \$646m, 51 per cent, stake in the Rockefeller Group is significant for ordinary Japanese as well as for a US intimidated by the growing presence of Japanese companies.

The obvious concern of Mitsubishi Estate executives yesterday was to portray the company as a good corporate citizen sympathetic to the commercial and philanthropic values associated with the Rockefeller name.

Mitsubishi executives emphasised that the company relied on US architects for US development projects. It had won "local recognition" in various US states and "had occasion to acquire a collection" of photographs by Ansel Adams as "we share his concern for the environment."

Mr Kiyooki Hara, a Mitsubishi Estate managing director, said the company would like to "mirror the vision" of the Rockefeller Group. "We share the belief of Mr David Rockefeller of contributing to the societies and communities in which we operate."

The value of the deal for Mitsubishi is to provide prime real estate in New York, which company officials said yesterday would remain, along with Tokyo and London, one of the world's great financial centres.

Agreement evolved after Rockefeller approached Mitsubishi



Jotaro Takagi, Mitsubishi Estate president, in Tokyo yesterday

early this year with a proposal to redevelop land on Seventh Avenue in Manhattan, although Rockefeller later discussed the sale of a majority stake with several other Japanese companies.

Agreeing with a Rockefeller executive at a press conference yesterday, Mr Hara said the deal was an indication that the "world is getting smaller and borders are disappearing." Whether the US reaction to the deal will agree that investment borders in Japan are disappearing remains to be seen.

Mitsubishi Estate is a member of the Mitsubishi group, one of the *keiretsu*, or corpo-

rate families, that US trade negotiators have listed as a structural barrier to imports because of their complex system of cross-holdings and their tendency to keep purchases in the family.

The Mitsubishi group traces its origins back to the 1890s and includes Mitsubishi Heavy Industries, Mitsubishi Bank, Mitsubishi Trust and the core company, Mitsubishi Corporation, the giant trading house that was recently listed on the London Stock Exchange. Among the group shareholders in Mitsubishi Estate are Mitsubishi Trust and Mitsubishi Bank.

Mitsubishi Estate's prime assets are 32 buildings in the

Marunouchi business district of Tokyo. Mr Jotaro Takagi, the company's president, said yesterday that the Rockefeller purchase was linked to an announcement early last year by Mitsubishi that the Marunouchi holdings would be redeveloped on a grand scale. He said the company planned to use Rockefeller "expertise" in the redevelopment project.

The company has the largest portfolio of office buildings in Japan, with a total area of about 25m square feet, while domestic residential development accounted for just over 38 per cent of revenue in the last financial year. Its US interests include a partnership to develop the 777 Tower in Los Angeles' Chateau Plaza and a resort project in California.

While Mitsubishi executives yesterday stressed that the company "develops" real estate and is not simply a buyer, an official of the Ministry of International Trade and Industry (MITI) feared that the Rockefeller purchase might be misunderstood in the US.

"We can't tell Japanese companies not to buy real estate in the US. We understand that it is a sensitive issue. In 20 or 30 years if a South Korean or Taiwanese company buys Mitsubishi or Nippon Steel, there may be some kind of reaction in Japan," the official said.

"We can't tell Japanese companies just to invest in US government bonds."

Wärtsilä orders may be saved

By Enrique Tessler in Helsinki

THE FINNISH Government is attempting to negotiate a financing package that would establish a new company to secure orders won by Wärtsilä Marine, the loss-making Finnish shipbuilding company that filed for bankruptcy nine days ago.

The plan would secure orders and jobs at the Helsinki shipyards for one year and the Turku shipyards for two years.

The Ministry of Trade and Industry said a financing package was being renegotiated as

well as solutions to the problem of payment demands by sub-contractors. Talks are also being held with Finland's two other shipbuilding companies, Rauma-Repola and Hollming, to merge with a new Wärtsilä Marine.

According to tentative figures, the financing package for the new shipbuilding company would amount to Fm1.99bn (\$395m), of which Fm705m would come from Wärtsilä Corporation, Fm675m from the state, Fm70m by state-owned Valmet and Fm240m jointly

from Union Bank of Finland (UBF) and state-owned Postipankki.

The original August financing package that was intended to rescue Wärtsilä Marine was believed to be worth about Fm700m. This sum was originally supposed to ensure the delivery of 16 vessels and about 6,500 jobs until 1991.

Wärtsilä Marine had filed for bankruptcy only 11 days after it was announced that its losses would be much higher than expected.

Gains on property sales lift Bouygues

By William Dawkins in Paris

BOUYGUES, ONE of the world's largest construction groups, yesterday reported a near tripling in first-half profits, mostly driven by exceptional gains from property sales.

Group net profits rose to FF188m (\$30.2m) in the six months to June from FF18m in the first half of 1988. Consolidated turnover climbed 21 per cent from FF13.85bn to FF17.22bn over the same period. Profits were struck after exceptional property gains - always a big feature of Bouygues' results - of

FF572m, up from FF155m in the first half of 1988.

Bouygues warned that figures should not be taken as an indication of the full-year result, because of the seasonal nature of its business. However, full-year turnover was expected to rise by 14 per cent from FF40bn to FF46.9bn, in line with company forecasts.

This would include a FF33.6m contribution from construction, FF7.5m from property development and FF18m from diversification activities.

The outlook for next year

was "satisfactory," said Bouygues, which earlier this month paid FF10m for a controlling stake in Grandis Moulins de Paris, France's biggest flour milling group. The forecast for 1989 includes no contribution from Grandis Moulins de Paris.

The construction group's results have been restated to reflect a change from consolidation to equity accounting for its Malson Bouygues home care business, the SAUB water distribution subsidiary and its 25 per cent stake in TF-1, France's oldest television network.

Symbol of shifting global financial power

THERE COULD be no more potent symbol of the changing balance of global financial power than the sale to a Japanese property company of the elegant group of mid-Manhattan skyscrapers which represent the architectural quintessence of American capitalism.

For "The Rockefeller Center is the jewel in the New York real-estate crown," says Mr Guy Lawrence, chief operating officer of Tishman Realty, one of the City's leading agencies.

The deal is also remarkable for the light it throws on the business interests of the Rockefeller family, which has until now owned more than 90 per

cent of the Rockefeller Group. The Center opened 60 years ago today and from the beginning was the pride of Manhattan, a city within a city located at the heart of the confidently burgeoning metropolis.

With its irregular group of structures, dominated by the jagged lines of the RCA building (now the GE building), it was deemed the very state of the art in enlightened urban design. There were public spaces and visual corridors between the buildings. There was even a clematis whose role in life was to scrape from the floors humps of used bubble-gum.

Such high standards of main-

tenance and the remarkably advanced design of the Center mean that even today it is one of New York's most desirable business addresses. "It remains the height of elegance," says one estate agent, "far more so than the giddy Trump Tower."

However, the Rockefeller Group, whose business interests are dominated by the Center, has long wanted to diversify into other areas. It took an important step four years ago when it created a real-estate investment trust, with a \$1.3bn mortgage loan over the Center, which is convertible to a 71.5 per cent stake in the year 2000.

That deal realised around \$1.2bn, of which some \$400m

was available for group investments elsewhere. However, the move also crystallised a feud within the Rockefeller family between those wishing to see the group grow and others among the 80-plus scions of the dynasty who wanted to get their hands on more of the fortune.

The Mitsubishi deal, which is also designed to free capital for diversification by the group, would appear to have the potential for reviving this friction. However, Mr David Rockefeller, the group's chairman, insisted that none of the family would be "cashing out."

Martin Dickson

STORA[♀]

Stora Kopparbergs Bergslags Aktiebolag

(Incorporated in the Kingdom of Sweden with limited liability - Registration No. 556002-2086)

Application has been made to the Council of The International Stock Exchange for all the B Free shares of Stora Kopparbergs Bergslags Aktiebolag ("STORA") to be admitted to the Official List. It is expected that dealings in the B Free shares of STORA will commence on 7th November, 1989.

Stora Kopparbergs Bergslags Aktiebolag is the parent company of the STORA Group, one of the world's largest forest products groups. In 1988, Group turnover amounted to SEK 34,256 million (some £3,103 million equivalent as at 31st December, 1988), while the number of employees at year-end was approximately 54,000.

The following table sets out the share capital of Stora Kopparbergs Bergslags Aktiebolag as at 29th September, 1989:

	Number of shares in issue	Nominal value (SEK)
A Restricted shares of nominal value SEK 25	42,119,997	1,052,999,925
A Free shares of nominal value SEK 25	5,648,301	141,207,525
B Free shares of nominal value SEK 25	11,941,325	298,533,125

Listing Particulars relating to STORA are available in the statistical service of Exel Statistical Services Limited. Copies of the Listing Particulars may be obtained during normal business hours (Saturdays and public holidays excepted) up to and including 3rd November 1989 from the Company Announcements Office, The International Stock Exchange, 46/50 Finsbury Square, London EC2A 1DD, and up to and including 15th November, 1989 from:

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INTERNATIONAL COMPANIES AND FINANCE

Georgia-Pacific bids \$3.2bn for Great Nekoosa

By Roderick Oram in New York

GEORGIA-PACIFIC has offered \$3.2bn for Great Northern Nekoosa in a move likely to trigger a takeover fight for the paper maker if not a flurry of rationalisation in the US forest products industry. Yesterday's \$58-a-share cash bid also signalled a revival of a US takeover market flattened by the UAL buy-out collapse three weeks ago.

Speculators scrambled to buy Nekoosa stock, pushing its price up \$20 to \$62 1/2 by the close of trading. With analysts forecasting the company was worth between \$65 and \$90 a share, arbitrageurs are hoping to recoup some of their estimated \$1bn losses on UAL.

Georgia-Pacific was given a good chance of pulling off a deal, albeit at a higher price. It might, however, face a bidding war from companies reluctant to let it strengthen its market position, such as International Paper and Weyerhaeuser. Buying Nekoosa would broaden Georgia-Pacific's already extensive pulp and paper operations, which rank third in the US in terms of primary capacity. Together, the two companies own some 10m acres of North American forests.

Georgia-Pacific is also the third largest lumber producer in the US, the largest plywood maker and the largest distributor of building products. Based in Atlanta and with 75 per cent

of its timberland in the south-eastern US, it has an advantage over companies more dependent on slower growing and more costly north-western forests.

Nekoosa is based in Connecticut, but its roots are still deep in the woods of Maine. Like Georgia-Pacific, it has expanded through acquisition in recent years and has also been pushing a southern strategy.

Unlike many of today's transactions driven by financial engineering, the merger of our two companies represents an excellent strategic fit based on industrial logic. Mr Marshall Bahn, Georgia-Pacific's chairman, said in a letter to Mr William Laidig, chairman of Nekoosa.

Nekoosa said it would consider Georgia-Pacific's request for a meeting in due course. Although the logic may be right, analysts are less happy about the financial consequences. Georgia-Pacific said it would borrow \$4.5bn to fund the takeover. The borrowing would push debt up to some 60 per cent of Georgia-Pacific's total capital just as the forest products industry is topping out after a long, profitable period.

Housing starts are weakening and paper prices are likely to come under severe pressure because of excess capacity and slacker demand.

Fermenta to expand finance subsidiary

By John Burton in Stockholm

FERMENTA, the Swedish pharmaceutical and finance group, announced yesterday that it planned to create Sweden's second largest finance company. The group is to merge Independent, its finance company, with Infina, another Swedish finance company, in a deal valued at SKr1.8bn (\$281.2m).

It is the latest step in Fermenta's strategy of expanding into financial services, which began last year when it bought Independent for SKr1.4bn. The merger is also a sign of the dramatic turnaround at Fermenta, which three years ago was at the centre of Sweden's biggest postwar financial scandal under its former owner, Rolfat Kl-Payed.

The merger will comprise a stock-swap under which Infina pays for all outstanding stock in Independent with newly issued shares and warrants.

Fermenta will have a 57 per cent stake in the new finance company, and Hilspektion, the Swedish transport company which is now the principal owner of Infina, a 20 per cent stake.

The new finance group, which will have total assets of around SKr17bn and an adjusted equity capital in excess of SKr1.4bn, will be Sweden's second largest finance company, after Agro Finansgruppen, owned by Soreningsbankernas Bank and had assets of SKr19.6bn in 1988.

Independent is Sweden's third largest finance company and Infina the ninth largest. Their combined profits of Independent and Infina in 1988 are estimated at SKr294m. The merger will combine leasing operations, security brokerage and corporate finance services of the two companies. Independent also operates a credit card company, Finax, and a Finnish financial company, while Infina also performs insurance consultancy and brokerage and owns an investment newsletter.

Fermenta is 43 per cent owned by the Swedish holding company Industrivarlden, which acquired principal control after the departure of El-Fayed in December 1988.

AT&T introduces upgraded Unix system

By Louise Kehoe in San Francisco

AT&T will today announce an upgraded version of its widely used Unix operating system, and attempt to resolve a conflict that has split the computing industry into two opposing camps.

The introduction of Unix System V Release 4, a "standardised" version of Unix, represents an important victory for AT&T and its supporters in the Unix International organisation, but a blow for IBM, Digital Equipment, Hewlett-Packard and others who formed the rival Open Software Foundation to create their own Unix standard.

The goal of both groups has been to create a single version of Unix that will become an industry-wide standard and resolve the "Tower of Babel" that makes it impossible for most different types of computers to share software applications or "talk" directly to one another.

The impetus has come from computer users who increasingly seek "open standards" that protect their huge investments in computer software and make them less reliant upon individual manufacturers of proprietary computer systems.

Today members of Unix International will demonstrate the new version of Unix operating on more than a dozen computers, ranging from personal computers to mainframes. Unix System V.4 will run on all industry standard processors, including the most popular microprocessors and on some proprietary computer systems, they say.

"During the 1990s you will see Unix System V.4 running on virtually every major computer system manufacturer's product lines," predicted Mr Peter Cunningham, president of Unix International, and a

former ICL executive. The AT&T announcement "will bring the industry together," he said.

Over 15,000 applications programs will run on the new version of Unix, according to Mr Cunningham.

There are signs that AT&T's announcement today will diffuse the animosity between the rival computer industry groups. Mr Robert Kavner, head of AT&T's computer group, is expected to reiterate a proposal for the company to spin off its Unix Software Operation in a move designed to remove remaining concerns

about the company's control of the software standard.

Some of the members of the Open Software Foundation are expected to defect to the Unix International camp. Companies said to be considering the use of Unix System V.4 include Hewlett-Packard, Intel and MIPS Computer.

The availability of Unix System V.4 appears to undermine the principal objective of the Open Software Foundation - to develop its own standard operating system - it also comes at a time when the industry group is struggling with technical problems.

Texas Instruments returns to PC market with portable range

TEXAS INSTRUMENTS, the US electronics and computer manufacturer, has re-entered the personal computer market with a new family of portable laptop and notebook-sized computers, writes Louise Kehoe.

A pioneer of home and personal computers, Texas Instruments dropped out of the market in the mid-1980s after suffering heavy losses.

Its new products include a seven-pound "notebook" sized computer as well as two "laptop" models. TI's announcements come two weeks after Compaq Computer unveiled its highly acclaimed "notebook" computer with similar features to the TI model.

But TI does not plan to compete directly with Compaq and other established personal computer manufacturers.

TI will aim its products at original-equipment manufacturers, which re-label products with their own names, and at value-added resellers, which add software for use by specific market segments.

TI's new notebook computer weighs just 6.7 pounds and measures 8.2 by 11.7 inches. It has a 20-megabyte hard disk drive and a display that is significantly larger than that of Compaq's new notebook computer.

USX 21% ahead after nine months

By Karen Zagor in New York

USX, the big US steel and energy group, reports a 23 per cent drop in third-quarter earnings, to \$175m or 62 cents a share from \$228m or 80 cents last year.

Last year's figure, however, included an extraordinary gain of \$71m. Excluding this, net income improved 11 per cent in the recent quarter. Sales rose 5 per cent to \$4.4bn from \$4.2bn.

Nine-month net income jumped 21 per cent to \$721m or \$2.62 a share from \$598m or

\$2.07. The Pittsburgh-based company said asset sales contributed \$312m to total pre-tax income of \$1.1bn in the recent period. Sales rose 10 per cent to \$13.8bn.

Operating income for the quarter fell 14 per cent to \$302m which USX attributed to the sale of businesses in the diversified and steel segments.

The steel segment's operating income was \$86m on sales of \$1.3bn, against \$96m on sales of \$1.4bn the previous year.

East Daggafontein Mines, Limited

(Incorporated in the Republic of South Africa)

Group interim report

30 September 1989

The directors announce the following group unaudited results for the six months ended 30 September 1989:

	Six months ended 30 September		Twelve months ended 31 March 1989
	1989 R'000	1988 R'000	R'000
Net income before tax	17,002*	15,443	33,081
Taxation	8,574	8,952	17,698
Net income after taxation	8,428	6,491	15,383
Outside shareholders' interest	-	1,049	843
Net income	8,428	7,540	16,226

*Excludes attributable loss from former subsidiary, Rand Extensions and Exploration Limited (see Note 2).

Notes

1. During the period under review the company's wholly owned subsidiary Dumpco Limited earned revenue of R15,768,000 from the disposal of 6,579,000 tons of slimes to East Rand Gold and Uranium Company Limited for treatment at the Deggafontein plant which produced 1,816 kilograms of gold.

2. The merger between Randex Limited (formerly Marievale Limited) and Rand Extensions and Exploration Limited, the company's exploration subsidiary became effective on 30 June 1989. East Daggafontein now owns 13.46% of the issued capital of the enlarged Randex Limited.

On behalf of the board
A H Lundin Chairman
C von Christerson Director

Declaration of interim dividend number 78

On Monday, 30 October 1989 interim dividend number 78 was declared payable to holders of ordinary shares as follows:

Amount (South African currency)	60 cents per share
Last day to register for dividend (and for changes of address or dividend instructions)	1989 Friday, 17 November
Registers closed from to (inclusive)	Saturday, 18 November
Ex dividend on Johannesburg and London stock exchanges	Saturday, 25 November
Currency conversion date for sterling payment to shareholders paid from London	Monday, 20 November
Dividend warrants posted	Friday, 8 December
Payment date of dividend	Friday, 8 December
Rate of non-resident shareholders' tax	15 per cent

The full conditions relating to the dividend may be inspected at the Johannesburg and London offices of the company and its transfer secretaries.

By order of the board
R G Shead
Company Secretary

Transfer secretaries
Unidiv Registrars Limited
8th Floor, 94 President Street
Johannesburg, 2001
(PO Box 1053
Johannesburg, 2000)

Barclays Registrars Limited
6 Greencoat Place
London SW1P 1PL
England

Johannesburg
1 November 1989

Registered office
7th Floor, Marshall Place
66 Marshall Street
Johannesburg, 2001
(PO Box 61409
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October 1989

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For further information, please contact either: Tetsuo Kato, Chairman (Tokyo) Atsuo Kasama, Managing Director (London)

INTERNATIONAL COMPANIES AND FINANCE

Pilots' dispute chops TNT profits

By Chris Sherwell in Sydney

TNT, THE Australian-based international transport group, yesterday reported a spectacular 70 per cent slump in first-quarter profits as a result of the continuing domestic air pilots' dispute.

The dispute, now in its eleventh week, is over pay, and has completely disrupted the operations of Ansett and East-West Airlines, which are half-owned by TNT and Mr Rupert Murdoch's News Corporation, and of the state-owned Australian Airlines.

According to figures released at TNT's annual general meeting of shareholders, the group's after-tax operating profit for the three months to September, including equity-accounted profits, was just A\$16.1m (US\$12.6m), down from A\$54.4m in the same period last year.

The reduction - which Mr Fred Millar, TNT chairman, acknowledged was "huge" - came in spite of buoyant revenues of A\$1.37bn, including associated companies' revenues. This compared with A\$1.3bn last year.

Mr Millar nevertheless announced the group would maintain its first-quarter dividend of 3.75 Australian cents. And he insisted that the "very heavy" cost of the dispute so far "is already progressively reducing."

The airlines, he said, were "proceeding with the task of rebuilding their operations by hiring new pilots to replace those who resigned." But he added: "It will still be some time before the airline operations are completely rebuilt."

Mr Peter Abeles, chief executive and a protagonist in the pilots' dispute, said separately that Ansett would be providing 90 per cent of previous capacity by January. He claimed 90-100 pilots had rejoined the airlines after earlier resigning, a figure disputed by the Australian Federation of Airline Pilots.

In another controversial development, Mr Bob Hawke, the Prime Minister, claimed in Parliament on Monday that the pilots' dispute was technically over, inasmuch as the Industrial Relations Commission had approved new work contracts between the airlines and freshly-recruited pilots.

Although Mr Hawke acknowledged that there were still problems with the domestic aviation system, his remarks were greeted with incredulity yesterday by the Opposition, the pilots and the travelling public. The airlines are meanwhile pursuing their court action in Melbourne, seeking damages from the Australian Federation of Airline Pilots.

FCL moves into Canadian gas

By Andrew Pirie in Wellington

NEW ZEALAND'S largest company, Fletcher Challenge (FCL), is making a C\$100m (US\$111m) foray into Canada in bid to gain a strategic foothold in the North American natural gas industry.

FCL's wholly-owned energy subsidiary, Petrocorp, announced yesterday it had signed letters of intent with Amoco Canada Petroleum to buy several producing gas fields and exploration rights for over 100,000 hectares in Alberta. The fields are situated in the Provost region north-east of Calgary, near the Alberta-Saskatchewan border.

FCL has been keen for some time to enter the Canadian gas sector, to complement its forestry interests across the Rocky Mountains in British Columbia. Natural gas is tipped to become an increasingly important fuel during the next decade, particularly in the US, where domestic oil production is declining.

Most of the US gas comes from Alberta, and the three large pipeline networks - Trans-Canada, to California

All Nippon rises 16.4% half way

By Our Financial Staff

ALL NIPPON Airways, Japan's second-largest airline, has reported a 16.4 per cent rise in unconsolidated pre-tax profits in the half-year ending on September 30. They rose to Y19.5bn (\$138m), from Y18.5bn in the previous year. Sales surged by 15.1 per cent to Y346.3bn (Y300.7bn). Net income rose 13.3 per cent to Y7.5bn (Y6.5bn). Net income per share rose to Y5.44 (Y4.80).

Increased tourism and business activity boosted international and domestic growth.

Exports help Amcoal to boost interim income

By Jim Jones

ANGLO AMERICAN Coal (Amcoal), South Africa's largest coal mining group, suffered a 3 per cent drop in coal sales during the six months to September 30 1989, but nevertheless increased its revenue and profits through greater emphasis on exports.

The half year's domestic sales were affected by closures and cuts at several collieries serving old power stations which have been mothballed by Eskom, the state-owned electricity utility. Domestic sales fell by 12.3 per cent, while exports rose by 5.5 per cent higher.

The first half's coal sales dropped to 21.8m tonnes from 23.7m in the corresponding period of 1988, the first half's turnover advanced to R877m, from R706m a year earlier, and the interim pre-tax profit was R287.6m, against R171.9m. Turnover totalled R451m and the year's pre-tax profit was R364.2m.

Mr Graham Boustred, the chairman, expects that US dollar export prices will be maintained, and that second-half earnings are likely to be the same as the first half.

First-half earnings rose to 517.8 cents a share from 306.9 cents and the interim dividend was lifted to 125 cents from 95 cents. Last year's full earnings were 665.1 cents and the year's dividend was 300 cents.

KLSE considers how to enforce Malaysian ban

By Lim Siong Hoon in Kuala Lumpur

THE KUALA Lumpur Stock Exchange (KLSE) board is meeting this week to contemplate proposals to enforce and expedite the delisting of Malaysian companies from Singapore. Last week the Malaysian Government ordered all its 182 companies out of the SES, the Singapore stock exchange, "immediately."

The order is interpreted by the KLSE as a total ban on listing in Singapore only. Few of the companies, such as Sime Darby, and their subsidiaries, are listed elsewhere as in the UK, Hong Kong, and the Philippines.

Local securities and company laws are silent about where companies can be listed. But this is overcome by changing stock exchange rules - amending the "Listing Requirements", for example.

Mr Mohamed Salleh Majid, KLSE's general manager, said he expected all the Malaysian companies to be out of Singapore by December.

By then, Singapore's 329-counter stock market would have shrunk in worth by nearly 45 per cent to US\$38m. In the Kuala Lumpur market, daily activity in its 249 companies (excluding 53 from Singapore) could double, assuming that Singapore brokers lose all the businesses they had previously, in the eight months to August, Singapore handled half of nearly 12m shares traded.

To cope in part with the higher daily activity, Malaysia may issue new broker-licences and reopen its exchange to larger membership. The KLSE supports new membership but the proposal has yet to receive official endorsement.

Overseas fund managers are also preparing to shift a portion of their businesses out of Singapore because the market will be so much smaller without Malaysian stocks. In the past, overseas investment in Malaysian stocks has mostly been transacted through Singapore in Singapore currency and in Singapore contracts.

World stock markets, Page 45

<p>REDEMPTION NOTICE</p> <p>Notice is hereby given that Cititrust Corporation N.V. has elected to redeem all of its U.S. \$3,402,000 9.5% Notes due December 31, 1993 (the "Notes"). The Notes will be redeemed on November 30, 1989 at a redemption price of 102% of the principal amount thereof, together with interest accruing to the date of redemption, at the office of Cititrust (Bahamas) Limited, the Paying Agent, in the Citibank Building, Thompson Boulevard, Nassau, The Bahamas. Payment of the redemption price of the Notes will be made upon presentation and surrender of the Notes to be redeemed together with all appropriate coupons maturing subsequent to November 30, 1989 at the aforesaid office. Interest on the Notes will cease to accrue on or after November 30, 1989. All interest accrued to November 30, 1989 will be paid at the aforesaid office on or after the aforesaid date upon presentation and surrender of the Notes.</p> <p>CITITRUST (BAHAMAS) LIMITED</p>	<p>REDEMPTION NOTICE</p> <p>Notice is hereby given that Messalloy Investments N.V. has elected to redeem all of its U.S. \$3,258,000 9.5% Notes due December 31, 1993 (the "Notes"). The Notes will be redeemed on November 30, 1989 at a redemption price of 102% of the principal amount thereof, together with interest accruing to the date of redemption, at the office of Cititrust (Bahamas) Limited, the Paying Agent, in the Citibank Building, Thompson Boulevard, Nassau, The Bahamas. Payment of the redemption price of the Notes will be made upon presentation and surrender of the Notes to be redeemed together with all appropriate coupons maturing subsequent to November 30, 1989 at the aforesaid office. Interest on the Notes will cease to accrue on or after November 30, 1989. All interest accrued to November 30, 1989 will be paid at the aforesaid office on or after the aforesaid date upon presentation and surrender of the Notes.</p> <p>CITITRUST (BAHAMAS) LIMITED</p>
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LORAIN GOLD MINES LIMITED
Incorporated in the Republic of South Africa
(Reg. No. 12872/2/1989)

Ordinary Dividend For The Year Ended 30 September 1989

In view of the current uncertainties relating to both the dollar gold price and the rand exchange rate, and taking into account the relatively low earnings for the 1989 financial year, the Board has decided not to declare a dividend in respect of the year ended 30th September 1989.

By order of the board
Anglovaal Limited
Secretaries
per: K.G. Williams
London Secretaries
Anglo-Transvaal Trustees Limited
295 Regent Street
London, W1R 8ST

Registered Office:
Anglovaal House
56 Main Street
Johannesburg
2001
(P.O. Box 62379
Marshalltown, 2107)

31 October 1989

Directors: D.J. Crowe, P.J. Eastace, J.J. Geldenhuys, B.E. Hertzog, L. Hewitt, G. Mande, Clive S. Mccall, J.E. Olivier, S.W. van der Colf, R.A.D. Wilson

Alternates: J.H.J. Bredas, B.J. Froustou, B.J. Lawrence, T.C. Ross, G.I. Robertson, J.E. van Niekerk, K.A. West

NR NORTHERN ROCK BUILDING SOCIETY

Issue of up to £100,000,000
Floating Rate Notes due 1992
of which £75,000,000 is being issued as the Initial Tranche

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the three month period ending 20th January, 1990 has been fixed at 15.5625% per annum. The interest accruing for such three month period will be £196.13 per £5,000 Bearer Note, and £1,961.30 per £50,000 Bearer Note, on 30th January, 1990 against presentation of Coupon No. 2.

Union Bank of Switzerland
London Branch
Agent Bank

30th October, 1989

Notice of Redemption to the Noteholders of
TOYO TRUST AUSTRALIA LIMITED
A\$100,000,000
Guaranteed Floating Rate Notes due 1993

Notice is hereby given that in accordance with clause 5 of the Terms and Conditions of the Notes, Toyo Trust Australia Ltd has redeemed at their principal amount, the notes outstanding on the interest payment date which fell due on the 27th October, 1989. Therefore the notes will cease to be listed on the Luxembourg Stock Exchange.

The Toyo Trust and Banking Company Limited
Fiscal Agent

Notice of Partial Redemption to Holders of
Domus Mortgage Finance No. 1 PLC
£100,000,000
Mortgaged Backed Floating Rate Notes Due 2014

Notice is hereby given that in accordance with Conditions 5(b) and 11 of the Notes, the Issuer hereby gives notice to redeem £2,300,000.00 principal amount of Notes, selected randomly as detailed below. The date set for the mandatory redemption is the next coupon payment date being, 6th December 1989, and the Notes will be redeemed at their principal amount plus accrued interest. Payment will be made against surrender of the Notes, together with all appurtenant Coupons maturing after the date set for redemption on the Notes. On and after 6th December 1989, the redeemed Notes will cease to accrue interest.

The amount of any missing unmaturing Coupons will be deducted from the sum due for payment. Any amount of principal so deducted will be paid against surrender of the relative missing Coupons within five years from the date of payment. The redeemed Notes will become void unless presented for payment within ten years of the redemption date.

The nominal amount that will be outstanding after the Notes listed below have been redeemed is £78,700,000.00. The Serial Numbers drawn for mandatory redemption are as follows:-

81	81	131	175	204	205	213	323	347	362
395	467	541	586	637	657	692	728	735	771
817	873	922							

Chemical Bank
Principal Paying Agent
Dated 1st November 1989

INTERNATIONAL CAPITAL MARKETS

NZ issue delayed in Tokyo amid DFC row

By Robert Thomson in Tokyo and Andrew Pirie in Wellington

THE NEW Zealand Government has indefinitely postponed a \$500m (\$352m) bond issue in Tokyo...

Japanese banks have demanded that the New Zealand Government bail out DFC, a former state bank...

Government officials were quoted yesterday as saying that they would not be "blackmailed" by Japanese banks...

An official at the Long-Term Credit Bank said that there had been a "misunderstanding" over the bonds...

However, the official, referring to the Japanese insistence that DFC be bailed out...

Mr David Caygill, New Zealand's Minister of Finance, accused leading Japanese banks of virtually blackmailing his Government yesterday...

Japanese investors are believed to be owed about NZ\$1bn (US\$688m) of the NZ\$3bn that DFC borrowed overseas...

Several large New Zealand companies have reported difficulty getting funding, particularly from Asia...

STC Corp to raise \$30m for expansion

By Maggie Ford in Seoul

STC CORPORATION, a South Korean flexible packaging maker, is to launch a \$30m convertible Eurobond next month...

The convertible bond will be lead-managed jointly by Credit Suisse First Boston, Coryo Securities and Hanshin Securities...

STC had world sales of \$190m in the packaging division last year, of which 40 per cent were exported...

A bond with warrant launched last month by Sammi Steel was enthusiastically received...

Germans in early move to abolish SE turnover tax

By Andrew Fisher in Frankfurt

MR HELMUT Haussmann, the West German Economics Minister, surprised the financial community yesterday by announcing that the stock exchange turnover tax would be abolished from the start of 1991...

Stock exchange officials and dealers welcomed the news, saying it would positively influence share and bond prices and improve Frankfurt's attractions as a financial centre...

Mr Haussmann made the statement in a television interview from the Frankfurt stock exchange, where in mid-October share prices slid sharply after the decline on Wall Street...

Australian buy-back law 'flawed'

By Chris Sherwell in Sydney

LEGISLATION allowing Australian companies to buy back their own shares, due to be announced today, contains a flaw which has severe implications for the Eurobond market...

The new law, which ends restrictions against buy-backs, is the result of lengthy deliberations since the October 1987 share market crash...

But according to the legal firm Freehill Hollingdale & Page, the legislation contains "a number of unintended and serious errors" which it has drawn to the attention of the Attorney General's office...

planned, he added. Frankfurt bankers, including Mr Karl Otto Pöhl, president of the Bundesbank, have argued that the tax should be repealed to enhance the city's financial competitiveness against other securities markets...

London, which launched a plan to attract share trading from other European centres five months ago, claims that a significant proportion of German shares are traded over its Stock International system. Last year, the tax raised DM585m (\$815m); in 1986, it yielded DM750m. The tax is levied at the rate of 0.35 per cent on domestic share transactions and 0.1 per cent on bond deals...

Mr Haussmann's comments on its abolition took both the stock market and his own ministry by surprise. The Finance Ministry, actually responsible for Federal taxes, also had no immediate response...

Mr Jörg Franke, general manager of the new financial futures and options market (DTB), which begins trading in Frankfurt in January, said the elimination of the tax would further encourage interest from foreign institutions in the DTB. German government Bond issues have been traded free of this tax, but dealers said the market in other bonds and, in particular, floating rate notes, would benefit from the move...

It also points out that the law's effectiveness is impaired in referring only to placements of shares and not to that of other securities as well. "It would be naive to think that a rights issue or placement of options or convertible notes or bonds could not have the same effect," the firm says.

As a result, a company could stop an unwanted raider accumulating a strategic stake of convertible securities simply by continuing to conduct buy-backs. A raider could indefinitely prevent buy-backs by exercising one convertible security whenever the raider felt like it, blocking buy-backs for three months at a time. A company could use a buy-back to block conversion into shares where the redemp-

tion price on a convertible redeemable security is materially less than the market value of the shares.

A company buy-back could prevent it from issuing shares in relation to dividend or interest re-investment schemes. The buy-back law should be urgently amended to exclude from its net the issue of shares by the exercise of conversion rights under any already-issued securities, Freehill Hollingdale & Page states.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Table with columns: US DOLLAR STRAIGHTS, YEN STRAIGHTS, OTHER STRAIGHTS, and FLUATING RATE. Includes bond names, yields, and prices.

Table with columns: STRAIGHTS, CONVERTIBLE, and FLUATING RATE. Includes bond names, yields, and prices.

Table with columns: STRAIGHTS, CONVERTIBLE, and FLUATING RATE. Includes bond names, yields, and prices.

* No information available previous day's price. Only one market maker stipulated a price. Straight Bonds: The yield is the yield to redemption of the mid-price; the amount listed is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier. Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Date = Date next coupon becomes effective. Spread = Multiple above six-month offered rate (includes mark-up above issue rate) for US dollars. Cap = The current coupon. Convertible Bonds: Denominated in dollars unless otherwise indicated. Cap, day - Change on day. Cur date = First date of conversion into shares. Date = Maturity date of bond per share. Price = Percentage premium of the current offering price of acquiring shares via the bond over the most recent price of the shares.

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Cadbury Schweppes Cadbury Schweppes plc

has acquired



Crush International, Inc.

from

The Procter & Gamble Company

We assisted in initiating and negotiating this transaction and acted as financial advisor to Cadbury Schweppes plc.

PaineWebber Incorporated

This announcement appears as a matter of record only

September 1989

REPUBLIC OF TURKEY PRIME MINISTRY HOUSING DEVELOPMENT AND PUBLIC PARTICIPATION ADMINISTRATION

has sold its shares in

- AFYON ÇİMENTO SANAYİİ T.A.Ş. ANKARA ÇİMENTO SANAYİİ T.A.Ş. BALIKESİR ÇİMENTO SANAYİİ T.A.Ş. SÖKE ÇİMENTO SANAYİİ T.A.Ş. TRAKYA ÇİMENTO SANAYİİ T.A.Ş.

to CIMENTS FRANÇAIS Paris - France

The undersigned assisted in the negotiations and acted as financial advisors to The Housing Development and Public Participation Administration in the above transaction

LA COMPAGNIE FINANCIERE EDMOND DE ROTHSCHILD BANQUE

Paris &

TÜRK EKONOMİ BANKASI A.Ş. İstanbul

Mortgage Securities (No 1) Plc £178,000,000

Class A Mortgage Backed Floating Rate Notes due 2023

In accordance with the provisions of the Notes, notice is hereby given that for the Interest period 31st October, 1989 to 31st January, 1990 the Notes will carry an Interest Rate of 15.675% per annum. Interest payable on the relevant interest payment date 31st January, 1990 will amount to £3,950.96 per £100,000 Note.

Agent Bank: Bank of Scotland

Mortgage Securities (No 1) Plc £20,000,000

Class B Mortgage Backed Floating Rate Notes due 2023

In accordance with the provisions of the Notes, notice is hereby given that for the Interest period 31st October, 1989 to 31st January, 1990 the Notes will carry an Interest Rate of 15.875% per annum. Interest payable on the relevant interest payment date 31st January, 1990 will amount to £4,001.37 per £100,000 Note.

Agent Bank: Bank of Scotland

THE BANK OF NOVA SCOTIA

(A Canadian Chartered Bank)

£100,000,000 Floating Rate Debentures 2000 Issue Price 100.10 per cent.

For the three months 31st October, 1989 to 31st January, 1990 the Debentures will bear an interest rate of 15.475% per annum and the coupon amount per £10,000 denomination will be £390.05.

Agent Bank Samuel Montagu & Co. Limited

INTERNATIONAL CAPITAL MARKETS

Solid plans for soft commissions

Richard Waters examines the latest draft regulations from the SIB

A 25 per cent ceiling on the proportion of commissions that a fund manager can channel through soft commission brokers was proposed yesterday by the UK's Securities and Investment Board.

They have opted instead to prescribe a list of the services that can be "softed" and to require greater disclosure of the arrangements.

Real concern arose in situations where more than half a fund manager's business is placed with a particular broker, and this could be reached quickly if the level of activity in the stock market dropped sharply, he said.

The new rule defines this as advice on the value of securities, as well as analyses and reports on particular securities, portfolio strategies and similar matters.

Moody's downgrades CS First Boston debt

MOODY'S Investors Service, the US rating agency, has downgraded the long-term debt of CS First Boston, citing the risks the firm is taking in the merchant banking business.

US Treasuries up as data show weak house market

US TREASURY bonds moved modestly higher yesterday after the release of economic figures which included evidence of extreme weakness in the housing market.

Yields on the liquid one year Treasury bills have fallen some 150 basis points to around 13 per cent since July - when Spain joined the Exchange Rate Mechanism of the European Monetary System - but the central bank overnight intervention rate remains at 14 per cent.

WEAKNESS in the German bond market has caused speculation on whether the authorities can get away with a 7 per cent coupon on tomorrow's new issue.

Japanese borrowers underpin new issue activity

By Stephen Fidler, Euromarkets Correspondent

JAPANESE borrowers provided the only new issue activity in the international bond market, underlining the importance to the market of issues from that country.

Table with columns: Amount m., Coupon %, Price, Maturity, Fees, Book runner. Includes entries for Keio Toei Electric Railway, Chubu Electric Power, etc.

deal for Keio Toei Electric Railway. That deal, brought by Nomura, rose to a premium of 106 bid, and the day's other new equity warrants deal for Daisan Kiki, a maker of injection systems, rose to 108 1/2 bid.

BENCHMARK GOVERNMENT BONDS

Table with columns: Coupon, Bid, Price, Change, Yield, Week, Month. Lists various government bonds from UK, US, Japan, Germany, France, Canada, Netherlands, Australia.

INTERNATIONAL BONDS

ber of Japanese utilities. Chugoku Electric Power brought the only dollar straight of day, a \$150m, seven-year issue, carrying an 8 1/2 per cent coupon and a 10 1/4 issue price through Nikko Securities.

rower, Chubu Electric Power, is expected to tap the market soon.

bonds will not actively trade because much of the issue will be locked up in Japanese accounts, they argue that, while in the short run tighter pricing may benefit borrowers, in the longer term it may prove costly because the bonds fail to build up non-Japanese investor interest.

rising to healthy premiums this week, provided the only other focus of interest in the market.

'Cautious' provision cuts BNL net worth

Georgia, branch whose local manager had made \$3bn of unauthorised loans to Iraq.

Special provisions have now been made for some 80 per cent of the value of these loans, together with others to developing countries, although "virtually all of them" are still performing, said a BNL official last night.

Turnover in the FT-SE contract amounted to 7,714 contracts, of which 3,306 were calls and 4,408 were puts. The busiest series was the November 2, 100 put, of which 1,013 contracts changed hands.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns: Index No., Day's Change, Est. Change, Gross Yield, Est. Ratio, Index No., Index No., Index No., Index No. Lists various equity groups and sub-sections.

FIXED INTEREST

Table with columns: PRICE INDEXES, British Government, 1-5 years, 5-15 years, etc. Lists interest rates and yields.

RISES AND FALLS YESTERDAY

Table with columns: Rise, Fall, Same. Lists various market indices and their movements.

LONDON RECENT ISSUES

Table with columns: Issue Price, Amount, Latest, High, Low. Lists recent bond and equity issues.

FIXED INTEREST STOCKS

Table with columns: Issue Price, Amount, Latest, High, Low. Lists fixed interest stocks.

RIGHTS OFFERS

Table with columns: Issue Price, Amount, Latest, High, Low. Lists rights offers.

TRADITIONAL OPTIONS

Table with columns: Issue Price, Amount, Latest, High, Low. Lists traditional options.

LONDON TRADED OPTIONS

The London Traded Options Market had another quiet session, reflecting the modest turnover on the stock market.

Table with columns: Issue Price, Amount, Latest, High, Low. Lists London traded options.

TRADITIONAL OPTIONS

Table with columns: Issue Price, Amount, Latest, High, Low. Lists traditional options.

Actuaries Index 2124.6 at 10 am 2124.7, 11 am 2129.0, Noon 2126.3, 1 pm 2130.0, 2 pm 2130.0, 3 pm 2130.0, 4 pm 2134.3

FT-SE 100 SHARE INDEX 2124.6 at 10 am 2124.7, 11 am 2129.0, Noon 2126.3, 1 pm 2130.0, 2 pm 2130.0, 3 pm 2130.0, 4 pm 2134.3

British Gas announces a new schedule for long-term interruptible customers.

The schedule below has been produced to supplement the existing schedules operated by British Gas. It has been designed to serve interruptible customers requiring high volumes of gas for long contract periods and will be effective from 1 November 1989.

BRITISH GAS plc CONTRACT GAS PRICING SCHEDULE LONG TERM INTERRUPTIBLE GAS

Ref: LTI 1 Effective from 1 November 1989

(I) Introduction
Pursuant to Condition 5 of its Authorisation, British Gas will enter into Special Agreements (contracts) with customers for the supply of gas through pipes to premises which they own or occupy on the prices and terms in this schedule subject to the conditions of a standard contract entitled "Special Agreement for the Supply of Gas: Long Term Interruptible Gas". The prices and terms shown do not apply to back-up gas or to the other forms of supply identified in Condition 5 of British Gas's Authorisation. This schedule is in addition to the Contract Gas Pricing Schedule (Ref CSP 1) effective from 1 May 1989 covering:-
- Schedule 1: Firm Gas
- Schedule 2: Interruptible Gas
or such schedules as may be published from time to time by British Gas in succession to CSP 1. Copies of schedules and conditions of contract are available from the Registered Office or Regional Head Offices of British Gas plc.

(II) Standard Terms of a Long Term Interruptible Gas Contract:
Gas will be supplied under a standard contract, on the basis that the supply is taken for not less than 10 and not more than 15 contract years, to a customer wishing to consume gas at premises in his ownership or occupation, at which his nominated consumption of gas must be in excess of 50 million therms per annum at each premises, with a contract expiry date no later than 30 September 2007.
Under the standard contract terms the supply of gas will be interruptible for a minimum period of 7 days (see Note 8) and a maximum period of 45 days in each contract year. The periods of interruption, which will occur at British Gas's discretion, may or may not be continuous.
The Basic Scheduled Reference Price for all quantities of gas consumed under a Long Term Interruptible Gas contract will vary in accordance with the number of premises involved and the specific type of escalation terms chosen by the customer. These choices are set out in Table 1.

Table 1 Long Term Interruptible Gas Basic Scheduled Reference Prices (per therm)

Escalation Type:	A	B	C	D	E
Indexation %	15 Gas Oil 15 HFO 70 Coal - PPI - Electricity	25 Gas Oil 25 HFO 50 Coal - PPI - Electricity	15 Gas Oil 15 HFO 25 Coal 25 PPI 20 Electricity	20 Gas Oil 20 HFO 20 Coal 20 PPI 20 Electricity	25 Gas Oil 25 HFO 25 Coal - PPI 25 Electricity

Basic Scheduled Reference Prices (per therm)

No of Premises	A	B	C	D	E
1	18.65	17.15	19.20	18.20	17.30
2	18.70	17.20	19.25	18.25	17.35
3-10	18.75	17.25	19.30	18.30	17.40

Customers who have taken more than a total of 125 million therms at one or more premises in a period of 12 months will be given a reduction on the Basic Scheduled Reference Price including, if applicable, the alternative Restricted Interruption option (iii) (a) below, for gas consumed in excess of 125 million therms in that period. See Table 2 below.

Table 2 Price reductions for each incremental tranche of gas consumed in a Long Term Interruptible Contract

Tranche	Therms consumed in a contract year	Percentage reduction for each tranche of gas consumed
1	1 to 125,000,000	Nil
2	125,000,001 to 200,000,000	0.5
3	200,000,001 to 300,000,000	1.0
4	300,000,001 to 400,000,000	1.5
5	400,000,001 and thereafter	2.0

(III) Alternative terms at customer's choice for a Long Term Interruptible Gas Contract:
The following alternatives are available in respect of which the basic scheduled reference price will be modified by the amount stated.

(a) Restricted Interruption
While still retaining a maximum period of 45 days interruption in a contract year, the facility is offered to restrict periods of interruption to a maximum of 15 days in any continuous period of 30 days. The charges for this alternative are set out in Table 3.

Table 3 Additional charge for restricted interruption

Escalation Type:	A	B	C	D	E
Addition to Basic Scheduled Reference Price (p/therm)	0.5	0.5	0.5	0.5	0.5

(b) Price Phasing
Providing the resulting price does not fall below 16p per therm, the Basic Scheduled Reference Price (Table 1) or its Restricted Interruption alternative (Table 3) may be modified by the pence per therm figures set out below or by any proportion of those pence per therm figures.

Table 4 Phasing Modifications to Price

Years	1	2	3	4	5	6	7	8	9	10	11-15
Option (1)	-2	-2	-2	-2	0	+1.75	+1.75	+1.75	+1.75	+1.75	Basic Price
Option (2)	-1.25	-1.25	-1.25	-1.25	-1.25	+1.50	+1.50	+1.50	+1.50	+1.50	Basic Price

Appropriate proportions of the financial amounts arising from the application of such price phasing will be repayable to British Gas in the event of termination within the first ten years.

(iv) General Notes

1. Conditions of Contract

The notes given in this schedule summarise elements of the standard conditions of a Long Term Interruptible Gas contract and the way in which they will be applied. They are not exhaustive and cannot take precedence over, or modify, any of the terms or conditions of the contract or umbrella contract entered into by any individual customer.

2. Annual Nominated Quantity of Gas

An annual nominated quantity of gas may be fixed for each contract year by the customer within the range of plus or minus 15% of the nominated consumption. The customer shall take at least, or make a minimum payment for gas equivalent to, 70% of this annual nominated quantity or his nominated consumption if there is no annual nominated quantity. If the supply has been interrupted at the direction of British Gas, then an allowance will be given on a pro-rata basis for the days interrupted in ascertaining the annual consumption for the purpose of minimum payment calculations and the application of price reduction.

3. Start Date

Customers must commence taking (or paying for) gas under this schedule on a day within three years of entering into the contract. This day is determined under the contract as the Start Date from which date the contract years will run and the minimum payment obligations will apply.

4. Customer's Financial Status

Potential customers will be required to evidence that they have the financial capability to meet their contractual payments and indemnity and other obligations so as to sustain a Long Term Interruptible Gas contract.

5. Pressure

The pressures at which British Gas supplies gas vary at different parts of the gas supply system. British Gas will supply gas to a customer at a pressure above the statutory minimum level if this is available at the point of supply. British Gas will use reasonable endeavours to maintain any such elevated pressure. If British Gas expects the supply pressure to reduce to a lower level permanently then not less than 24 months written notice will be given.

6. Price of Gas

Under the standard contract the mechanism for determining the price of gas, in accordance with the specific escalation terms selected by the customer, shall be set out in a price indexation formula utilising indices which give effect to these escalation terms. Basic Scheduled Reference Prices are based on Quarter 1 1989 prices.

7. Revision of Terms

The prices and other terms shown in this schedule may be modified at the discretion of British Gas. Publication of revised prices and other terms may not take place within 28 days of the previously published schedule without the consent of the Director General of Gas Supply (Ofgas). However, such modifications will not have effect on customers who have entered into a standard contract or umbrella contract under this schedule prior to such modification.

8. Interruption

Without prejudice to the rights of British Gas to interrupt supplies of gas provided in accordance with this schedule the requirements for a minimum period of interruption shall be deemed to have been suspended unless and until at least three months have expired from the giving by British Gas of notice under the contract with the customer of its intention to implement such minimum period of interruption.

9. Taxation

The prices in this schedule are exclusive of Value Added Tax, or any other tax, duty or impost.

10. Price Reduction

The price reductions shown in Table 2 will be applied to the customer's basic scheduled reference price including the alternative Restricted Interruption terms as appropriate as described in Tables 1 and 3. For single premises the reduction will be paid at the end of each contract year. Customers with more than one premises may elect a reference date coinciding with the end of a contract year at any one of the premises concerned and the reduction will be based on the total gas consumption of all the premises on the umbrella contract in the preceding 12 months. Payment will be made at the end of the contract year coinciding with the reference date.

11. Aggregation

The standard contract shall apply in respect of each premises at which the customer takes a supply of gas under Table 1. To give effect to the aggregation of the customer's price of gas under Table 1 British Gas will enter into an umbrella contract with the customer over these standard contracts. However, customers can only decide to aggregate prices at the commencement of the contracts for the second and subsequent premises.

Customers who have subsidiary companies as defined by Section 736 of the Companies Act 1985, or who have affiliates as defined in the standard contract and umbrella contract, may aggregate their respective volumes of gas under the schedule as provided in the standard contract and umbrella contract.

12. Change of Contract

Customers who enter into a standard contract under this schedule and have not already passed the contract start date, may within two years of the date of first publication of this schedule terminate their standard contract where in relation to gas in similar volumes and for similar periods some other schedule or regime of prices or other terms of supply for gas is available from British Gas. They must then immediately enter into a new contract for a similar volume of gas, similar period, and with the same expiry date as the standard contract just terminated.

British Gas
ENERGY IS OUR BUSINESS

UK COMPANY NEWS

International City in bid talks with York Trust

By Nikki Tall

INTERNATIONAL City Holdings, the financial services group, which specialises in money and foreign exchange broking, revealed yesterday that it was in potential bid talks with a third party, believed to be York Trust.

York, a USM-quoted financial services group, already owns the money broker Babcock & Brown. In May this year, it added the loss-making business of Kirkland-Whittaker, a money broker previously owned by Spedley Group of Australia.

Last week, Domesticon, a newly-formed company representing Mr Michael Phelan and Mr Patrick Coffey, both with backgrounds in money broking, said it was interested in talking to ICH about a potential leveraged offer.

However, by yesterday afternoon, there had been no discussions.

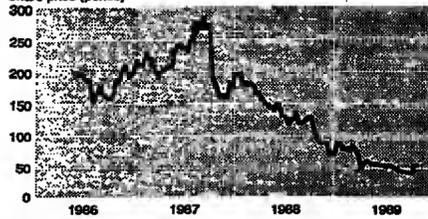
Mr Michael Warren, ICH's chairman, last night refused to be drawn on virtually any aspect of the latest approach. Earlier in the day, he said that he expected a further announcement either yesterday afternoon or very shortly thereafter.

No directors of York were available for comment.

A key role in determining ICH's future may be played by Throgmorton Trust, the invest-

International City Holdings

Share price (pence)



ment trust with a 27 per cent holding. Throgmorton, which has made a significant loss from its ICH investment, was to back a recommended offer, the task for Domesticon would look formidable.

News of the talks came as ICH revealed a pre-tax loss of £428,000 in the year to July 31, on turnover of £88.3m. This compares with a £9.63m profit, but after a £1.95m loss in the first half-year.

There is no final dividend.

The core money and futures broking side - which following disposals, represents the on-going part of the group - made an operating profit of £9.47m, down from £10m in the previous year. ICH said that there were setbacks in London, following staff losses and the

knock-on effect of problems elsewhere in the group, but that the US operations fared well.

On the securities broking front, there was a loss of £4.26m; the business was sold earlier in the year to MAL.

The third division, financial and technical services, produced a deficit of £2.57m, including a £2.4m loss from the National Leasing and Finance Company subsidiary - in turn taking in a £2m property write-down. ICH said yesterday that all these businesses have been shed with the exception of NLFC, where negotiations are in hand.

The interest charge was £1.76m (£722,000), with year-end debt standing at around £19m, against net assets of £24.5m.

Qintex provision cuts HTV profit

By Clay Harris

HTV GROUP, the ITV franchise holder for Wales and the west of England, said last night that it would have to make a £5.5m exceptional provision against last year's profit because of its exposure to Qintex, the troubled Australian-based media and resorts empire headed by Mr Christopher Skase.

As a result, pre-tax profits for the year to July 31 will be reduced to £14.5m from the £19m originally reported. The announcement was made after the market closed.

The provision arises from HTV's sale of programme distribution rights to Qintex, whose US subsidiary has filed for Chapter 11. Mr Skase is also in talks with bankers in Australia, where trading in his two companies' shares are suspended.

HTV is the first British company to report a direct impact from Mr Skase's difficulties.

In a statement last night, HTV said it considered it prudent to "make an immediate provision against the proceeds receivable and possible liabilities arising from these transactions."

The provision is stated net of levy relief. Earnings per share for the year will now be 13.79p against the previously stated 17.24p.

Publication of HTV's 1988-89 report and accounts has been delayed, and the year had been postponed from November 23 to December 21. However, payment of the planned 3.5p final dividend will proceed as planned on November 24, although it will now be classed as a second interim, not requiring the approval of shareholders.

DSC rights result

Just over half the £30.5m rights issue launched by DSC Holdings, the record styl and audio products company, has been taken up. Applications were received for 54.29 per cent of the shares on offer.

The issue was designed to finance DSC's reverse takeover of Mid-State Automotive Distributors, based in Tennessee.

Turmoil on Madison Avenue

James Buchan on the changes in store for an M and S offshoot

AT BROOKS Brothers store on Madison Avenue, where generations of American men have bought button-down shirts and sack-like grey suits, all is in turmoil.

Salespeople run around shouting. Carpenters tinker with a new escalator. The store windows have still not been done.

From behind a column, Mr George Hanley, the senior vice-president for marketing points discreetly at a young man with slicked-back hair and a loud striped shirt who is trying on a ribbed cardigan.

"That's a new customer," he says with delight. "We would never have had that sort of customer before."

Brooks Brothers is being made over. One of the oldest retailers in America and one of the most consistently profitable, it faces a changed world. Its traditional customers, men who shopped at Brooks for "preppy" suits and casual clothes that were badges of the American Establishment, are dying out. Their sons are buying Italian suits or the outrageous pastiches of Establishment style designed by a former Brooks salesman, Mr Ralph Lauren.

"The old cradle-to-grave concept of American menswear is buried," says Mr William Roberti, president of Brooks. "People are buying their clothes in lots of places." Sales at Brooks' 82 stores have slipped back from their peak of about \$950m a year.

The company's comfortable profits, which exceeded \$40m a year at the operating level, are looking much less solid. And all this is happening at a time when Marks

and Spencer, which paid over \$750m for the company in early 1988, needs to increase Brooks' profits to earn even a bank-book return on its investment.

As of today, Brooks Brothers is fighting back. The Dagobert Madison Avenue store will open this morning after a \$7m re-decoration. The cluttered ground floor has been cleared. Casual clothes, known in the US as sportswear, have been taken out of their cramped glass cases and given their own floor.

Womenswear, a notorious second-string at Brooks with only 12 per cent of sales, also gets its own floor and both are linked to the ground by escalators.

For Mr Roberti, a sometime suit salesman and professional department store manager brought in as president two years ago, the key to Brooks' future is in innovation. Once a fashion-conscious company, which introduced America to the button-down collar shirt in 1900 and lightweight summer suits in the 1930s, Brooks rested on its traditions in the 1980s. New product development was starved of funds.

This autumn Brooks has launched a hizzard of new lines, including sweaters with huge pictures of golfers on them, which are designed to bring in new customers without offending the old. "We're not walking away from our customers at all," says Mr Hanley. "If a guy wants a Shetland sweater in solid colours, we've still got them."

In addition to new products, Mr Roberti is hoping to bolster sales by revamping its catalogue and direct mail business, which is now about 10 per cent of turnover. It is



Lord Rayner, chairman and chief executive of Marks and Spencer

rationalising its US manufacturing operations. Once the domestic operation is on a solid footing, Mr Roberti sees big opportunities in Europe and the Far East, where the company already operates a successful multi-store joint venture in Japan.

As for the money Marks has sunk in Brooks, Mr Roberti says: "If given time, we can move that repay the Marks and Spencer investment. I think Lord Rayner is encouraged by what he sees here. He has a vision and sees a part in it for Brooks Brothers."

Marks and Spencer's rise exceeds expectations

By Maggie Urry

MARKS AND Spencer's interim results, announced yesterday, revealed a strong performance in its UK and Irish businesses, and a recovery in Europe. Profits from North America, though, were lower.

Group pre-tax profits in the 36 weeks to end-September were 12 per cent higher at £268.7m, better than most analysts were expecting. Sales were 11.3 per cent up at £2.5bn. Earnings per share rose by 11 per cent to 5p and the interim dividend is 5.5 per cent ahead at 1.86p.

In the UK and the Republic of Ireland store sales were up 8.6 per cent to £2.1bn. The rise included a 2 percentage point gain through inflation and a further 2 points from new sales areas added during the period. Thus like-for-like vol-

ume was around 2.6 per cent ahead.

Mr Keith Oates, finance director, said this was a good performance given the difficulties in the retail sector at present. He said the group had increased market share, particularly in clothing. Clothing sales rose 7.6 per cent, to £1.1bn including inflation of only 1 per cent.

Furniture and home furnishings sales were under pressure, but in the homeware division increases from gifts and toiletries more than made up for a shortfall on furnishings. Homeware sales rose 5.5 per cent to £217.2m.

Food sales were 5.9 per cent up at £279.1m, with 4 per cent of the rise coming from inflation. The group now has 16 stand alone food stores and plans to take the number to

60. M and S has bought four stores from Borden and is in talks with Boscobel, the new owner of Gateway, about store purchases.

Operating profits in the UK were 14.2 per cent up at £216.2m. Operating margins rose from 9.4 per cent to 10 per cent.

In Europe, where M and S have taken some years to get the formula right, sales rose by 9.3 per cent to £48.9m and operating profits by 23.9 per cent to £5.7m. The figures were flattened by exchange rate movements. Mr Oates said M and S was now confident to expand the European business.

North American and far eastern sales in total rose by 6.8 per cent to £27.5m, while operating profits in aggregate fell from £5.9m to £3.8m.

Within that, Brooks Brothers, the US menswear business acquired last year, saw operating profits halved from £10m to £5m largely because of disruption in the stores as modernisation work was done. New computer systems have been installed and merchandise changed.

Kings Super Markets, the US food retail business also bought last year, contributed operating profits of £4.1m up from £400,000 when it was only included for one month.

In Canada the M and S division saw losses rise from £3m to £4.5m, despite store closures. Peoples, the department store business, cut its losses from £1.5m to £900,000 and D'Alaird's, a fashion chain, increased from £2m to £2.4m.

See Lex

AFI stake changes hands

By Andrew Hill

ANZ McCaughan Securities (UK) confirmed yesterday that it bought and sold a 7.5 per cent stake in Amalgamated Financial Investments 10 days ago.

The stockbroker, which bought the shares "in the ordinary course of business", did not reveal the eventual destination of the stake or whether it was sold to a single buyer.

Target Trust Managers, the unit trust group owned by Trustee Savings Bank, sold the holding for about 24p per share, against yesterday's clos-

ing price of 23 1/4p, up 1/4p. The holding could be crucial in the battle for control of the investment company's board.

Three dissenting shareholders are seeking to join the board and they had counted on Target's support for their election at a special shareholder meeting later this month.

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The Council of The International Stock Exchange has agreed to admit to the Official List all the shares of common stock of ¥50 par value each ("Shares") in The Toyo Trust and Banking Company, Limited. At 30th September, 1989, 2,400,000,000 Shares were authorised and 739,354,176 Shares were in issue. Dealings in the issued Shares will commence at 9.00am today, 1st November, 1989. The Shares are already listed on the Tokyo Stock Exchange and the Osaka Securities Exchange in Japan.

Listing Particulars relating to The Toyo Trust and Banking Company, Limited are available in the statistical services of Exel Financial Limited. Copies of the Listing Particulars may be obtained during normal business hours (Saturdays and public holidays excepted) up to and including 3rd November, 1989 from the Company Announcements Office, The International Stock Exchange, 46-50 Finsbury Square, London EC2A 1DD and up to and including 15th November, 1989 from:

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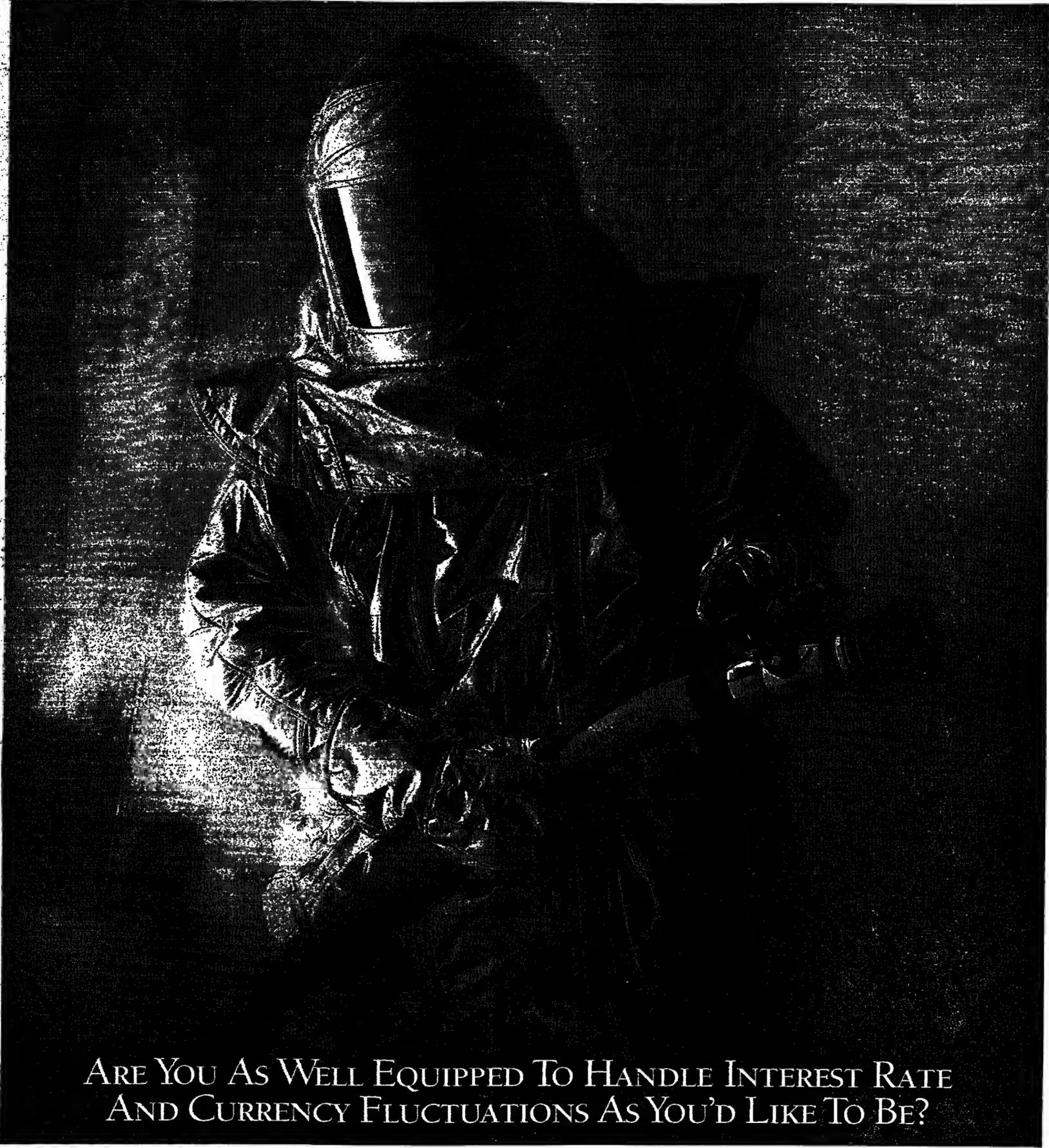
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IT TAKES

AN EDGE

UK COMPANY NEWS

A victory within sight but doubts abound

Andrew Bolger on the closing stages of Meggitt's battle for USH, the troubled defence manufacturer

MEGGITT, the acquisitive specialist engineering group, seemed yesterday to have a takeover victory over United Scientific Holdings firmly in its sights.

The only question is: does Meggitt still want the troubled defence manufacturer, in view of the announcement yesterday that it would not be increasing its final offer, which values USH at £104m?

Sights - specifically electronic night sights for military purposes - are the reason for USH's current parlous position. It has plunged into the red because of two fixed-price contracts struck with the Ministry of Defence by Avimo, its electro-optics subsidiary based in Taunton, Somerset.

One worth £18m was to supply Raven sights for GKN's Warrior combat vehicle. The other, worth £17m, was for the Thermal Observation and Gunnery Sight (TOGS) system for the Army's tanks. Both have posed severe technical problems and in the first half of the current financial year, USH made a pre-tax loss of £5.5m, compared to a profit of similar proportions a year earlier.

The latest defence document which USH rushed out late on Monday night dismayed the

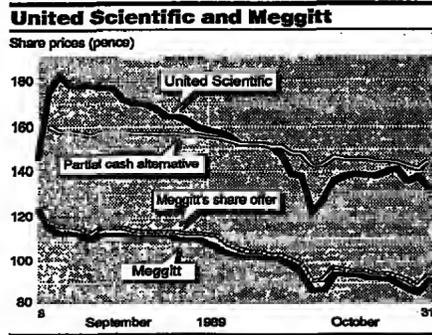
City by stating that losses and provisions at Taunton would amount to £17m in the full year to the end of September - double the provision mentioned by USH at its half-year.

One jaundiced analyst said: "I haven't seen losses like this recently outside the securities industry. What were those boys up to at Taunton: stock-broking?"

The shocking figures from Taunton are the second major blow to the beleaguered USH's defence campaign. Last week the US Federal Trade Commission blocked on competition grounds USH's proposed sale for \$65m (44m) of its US subsidiary, Opto Electronic Corporation of Dallas, to Imo Industries of New Jersey.

Imo, the world's biggest manufacturer of night sights, is contesting the FTC's court action. USH says that if the sale to Imo remains blocked, it will seek another buyer for OEC, which makes image intensifiers for night vision systems.

In spite of these setbacks for USH, not everything has gone Meggitt's way. Since the bid was launched on September 11, the share prices of both companies have fallen steadily, even if one disregards the mini-crash of October 14. This has



meant that market interest has centred solely on Meggitt's partial cash alternative, which offers 285 and 65 shares for every 100 USH shares.

Analysts have been concerned since the outset of the bid that Meggitt, in spite of its impressive acquisitive record to date, risked biting off more than it could chew by taking aim at USH.

Given the bigger risks being run by companies who can no longer operate in a cosy environment of "cost-plus" con-

tracting, was another small player needed in an industry increasingly subject to international consolidation and rationalisation?

The 5p rise in Meggitt's share price yesterday to 91p therefore reflected a measure of relief that it was not prepared to offer any more to take on USH's troubles - and the belief, in some quarters, that the takeover might not go ahead.

Doubts have also been raised about how much Meggitt could

bring to the troubled situation at Taunton, given that it has no experience in the arcane world of military electro-optics. Mr Nick Prest, USH's deputy chief executive, said: "It takes a long time to get into a mess like this, and a long time to get yourself out. We have taken the necessary steps, but the situation is still very delicate. The last thing that is needed is a change of management."

Meggitt is also in the unusual position of saying that it would be happy to keep OEC, the US electro-optics subsidiary which USH wants to sell - if not to Imo, then to someone else. This is in spite of the fact that a hostile bid for a foreign arms manufacturer makes it very difficult for Meggitt to establish what exactly is going on in the company which USH is determined to sell.

USH has said one of its main reasons for wanting to sell OEC is the restrictions placed on management control by a non-US owner, deriving from the US Government's requirement for a voting trust and proxy board. Meggitt says it is not unhappy with such a system, although it would seek a less restrictive form of arrangement and might change the proxies.

The progress of the bid seems likely to turn on the availability of the figures which Mr Ken Coates, Meggitt's managing director, sought yesterday - concerning USH's trading outlook and debt position.

Meggitt would certainly be picking up a lot of assets for its £104m bid. OEC has a 44m price tag and USH's 65 per cent stake in Avimo Singapore is worth \$41m, according to Mr Prest. That means Meggitt would be paying little more than £30m for Avimo, the Coventry-based armoured vehicles manufacturer, Avimo Taunton, and USH's smaller subsidiaries in France and West Germany.

Avimo, which makes the Scorpion light tank and the Stormer multi-purpose light armoured vehicle, has persistently been identified as a company which might interest a larger group, such as GEN or Vickers.

The battle for USH is clearly nearing its climax and even one of the company's image intensifiers could not help to secure an outcome. What seems certain is that Meggitt, even if it received a wave of acceptances by yesterday's 3pm deadline, is not prepared to proceed unless it can obtain a clearer idea of just what it is getting itself into.



Roger Woolley, chief executive, (above right) with Barry Stevenson, finance director addressing the press yesterday as DEG, the paper and packaging company fighting a £697m hostile cash takeover bid from Mr Roland Franklin's Bermuda-based vehicle Penbridge Investments, unveiled a higher-than-expected \$83m pre-tax profits forecast.

Bullough pays £7m for Sharp & Law subsidiary

BULLOUGH, the office furniture and engineering group, has bought Sharp & Law's retail shelving subsidiary from the administrative receivers who were appointed at the ailing USM shopfitter earlier this month.

The industrial holding company is to pay about £7m cash for Baxter Fell Northfleet, one of several Sharp subsidiaries which continued to trade after the receivers were called in at the parent company.

The receivers have also sold BFN's freehold property for £2.75m.

In 1988, BFN made £2.7m before interest and tax, on sales of £25m. Bullough said BFN's sales had risen 10 per cent in the first half of this year, but the group made a loss due to increased competition and the introduction of a new product range. It said the same factors would have an adverse effect on BFN's profitability for the rest of the year.

Bullough said BFN would join its refrigeration and store fitting side, which last year made operating profits of 55.8m on sales of £59m. Store fitting contributed 10 per cent of operating profits.

Receivers were appointed at Sharp & Law earlier this month after several difficult months at the shopfitter, which has been hit by higher interest rates and the poor retail climate.

The receivers were hoping to sell several of the group's subsidiaries as going concerns.

Lexterten up for sale as Era incurs £437,000 loss

ERA GROUP, the specialist retailer, plans to sell Lexterten, the loss-making reproduction furniture subsidiary which pulled the company into the red in the first half of this year.

Era reported a pre-tax loss of £437,000 in the six months to June 30, against a profit of £282,000 in the same period of 1988. The interim dividend is maintained at 1p.

Lexterten, Era's first acquisition in its evolution from "The Times" Veneer, made an interim operating loss of £468,000 (£274,000 profit).

This reflected not only the general downturn in furniture demand, Era said, but also internal production and control problems.

Era said it had received approaches from several parties interested in buying all or part of Lexterten.

Despite the subsidiary's market position, the general outlook for furniture in the UK and Lexterten's heavy involvement in manufacturing led the board "to consider seriously a disposal as being in the best interests of the group."

Other businesses turned round positively from the 1988 half, reporting profits of £276,000 (£173,000 loss).

They now include the Besties chain of model and hobby shops, Tempo and Fox camera shops and Royston, a distributor of fittings and accessories to the furniture and DIY trades.

Era also suffered because it had no property profits to report in the half, against

London quote for Toyo Trust

Dealings start today on the International Stock Exchange in the shares of Toyo Trust which are already listed in Japan.

The listing has been sponsored by Barclays de Zoete Wedd together with Toyo Trust International, Nomura International and SG Warburg Securities. Brokers to the introduction are de Zoete and Bevan.

A Paris listing is planned next year.

MARKS & SPENCER

Marks and Spencer p.l.c. unaudited results for the first half of the 1989/90 financial year.

Highlights from

THE STATEMENT BY THE CHAIRMAN, THE LORD RAYNER

- Group profit before tax increased by 12% to £209m.
- Group Sales were £2.5 billion an increase of 11.3%. U.K. Clothing Sales increased by 7.6% with Ladieswear and Linerie performing particularly well. Food sales increased by 5.9%.
- Earnings and dividend increased by 11.8% and 8.8% respectively.
- Borrowing has been significantly reduced by the emphasis we have placed on Group cash management.

However, the long term investment in additional store space is being maintained at home and overseas.

U.K. operating profitability was up from 9.4% to 10.0% as a result of sales increases and tight control of costs. These results highlight the Group's strengths during a difficult trading period for retailers. Customers continue to recognise the value and quality of our merchandise and the group continues to benefit from the loyalty and commitment of our suppliers.

The unaudited results of the Group for the first half of the 1989/90 financial year are announced as follows:

	26 weeks ended			Year ended
	30th Sept 1989	1st Oct 1988	Inc	31st March 1989 (52 weeks)
	£ million	£ million	%	£ million
GROUP TURNOVER (note 1)	2,503.5	2,250.2	11.3	5,121.5
GROUP TRADING PROFIT (note 3)	227.3	198.9	14.3	567.4
(Losses)/Profit on disposal of fixed assets	(1.6)	0.2	(4.6)	(4.6)
Surplus on disposal of leasing activities	-	0.7	-	0.9
GROUP OPERATING PROFIT (note 4)	225.7	199.8	13.0	563.7
Net interest payable	(11.8)	(8.9)	(21.6)	(21.6)
Provision for United Kingdom Employees' Profit Sharing Scheme (note 5)	(5.2)	(4.6)	(13.1)	(13.1)
GROUP PROFIT BEFORE TAXATION (note 10)	208.7	186.3	12.0	529.0
TAXATION (note 11)	(73.0)	(65.2)	(185.1)	(185.1)
GROUP PROFIT AFTER TAXATION	135.7	121.1	343.9	(1.0)
Profit attributable to minority interests	(0.5)	(0.2)	(1.0)	(1.0)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	135.2	120.9	11.8	342.9
Earnings per share	5.0p	4.5p	12.9p	

The Directors have declared an interim dividend of 1.85p per share compared with 1.7p last year, an increase of 8.8%. This gives an interim dividend of £49.2m (last year £45.4m) which will be paid on 28th January 1990 to shareholders whose names are on the Register of Members at the close of business on 23rd November 1989. Shareholders may choose to take this dividend in shares or in cash. Full details will be sent to shareholders in December.

NOTES:

1. Group Sales (including VAT and other sales taxes) are as follows:

	26 weeks ended		Year ended 31st March 1989 (52 weeks)
	30th Sept 1989	1st Oct 1988	
	£ million	£ million	£ million
United Kingdom and Eire Stores			2,153.4
Clothing	1,021.2	894.4	1,915.6
Home-wear	212.2	206.0	516.7
Footwear	879.1	830.3	1,784.5
Overseas Stores (note 7)	1,117.5	1,185.7	4,454.6
Europe	49.8	64.7	48.2
North America and Far East (notes 8 & 9)	2,779.9	1,215.0	458.4
Direct Export Sales Outside the Group	22.6	21.8	45.0
Financial Activities	2,446.8	2,227.7	5,052.9
Leasing	18.7	26.5	64.5
TOTAL GROUP TURNOVER	2,503.5	2,250.2	5,121.5

2. U.K. price inflation in "big four" merchandise was 1% on Clothing and Home-wear and 4% on Footwear. We traded on 4% more selling space than the same period last year and we estimate that this contributed 2% to the sales increase.

3. Group Trading Profit is after charging depreciation of £55.3m (last year £49.3m).

4. Group Operating Profit arises as follows:

	1989	1988
	£ million	£ million
The United Kingdom and Eire	216.2	189.3
Europe (note 7)	5.7	5.6
North America and Far East (notes 8, 9)	2.8	2.2
	225.7	199.8

5. At the end of each financial year the Directors allocate a proportion of the United Kingdom profits to the employees under the terms of the United Kingdom Employees' Profit Sharing Scheme. Provision has been made against the half year profit. Last year's profit share has been adjusted in proportion to the full year's actual allocation.

6. The U.S.A. and Far East results for 1989 include the results of Brooks Brothers from 26th April 1989 and Kings Super Markets from 20th August 1989.

7. The results of overseas subsidiaries have been translated using average rates of exchange ruling during the financial period. Turnover and operating profits have been distorted as a result of the number of exchange rates. Expressed in local currency, European sales and operating profits were a 9% and 20% respectively higher than last year. In Canada, turnover was level with last year and the operating loss in local currency was 11% higher than last year. In the United States, turnover was 97% higher and the operating profit was 28.5% lower. The Hong Kong results are not distorted by currency movements.

8. The turnover for North America and the Far East of £277.9m (last year £171.3m) is analysed as follows:

	1989	1988
	£m	£m
U.S.A. and Far East (note 6)	277.9	171.3
Brooks Brothers	85.0	67.1
Kings Super Markets	90.8	15.5
Hong Kong	5.2	2.7
O'Alair's U.S.	-	0.4
	181.9	85.7
Canada	33.3	34.2
Paris & Spencer Division	12.2	18.1
D'Alair's	21.4	18.3
	66.9	55.6

9. The operating profits for North America and the Far East of £3.8m (last year £3.9m) are analysed as follows:

	1989	1988
	£m	£m
U.S.A. and Far East	5.1	10.0
Brooks Brothers	6.0	0.4
Kings Super Markets	(8.1)	(1.1)
Hong Kong	(1.5)	(0.2)
Corporate expenses	2.6	1.0
	3.8	10.1

10. The Group Profit Before Taxation can be analysed between:

	1989	1988
	£m	£m
Operating Profit	202.0	180.8
Financial Activities	208.7	186.3

11. Financial Activities comprise leasing, treasury, insurance and financial services. Financial services, which includes Chargecard, budget accounts, personal loans and the unit trust produced a profit before tax of £3m (last year £2.1m). Last year's Financial Activities included the surplus on disposal of leasing accounts of £0.7m.

12. The Summary of Results for the year ended 31st March 1989 does not constitute the full financial statements within the meaning of s254 of the Companies Act 1985. The Report and full Financial Statements for that year were delivered to the Registrar of Companies with an unaudited Audit Report.

IN BRIEF

ALLIED PARTNERSHIP GROUP has acquired the Alphabet group of companies for £301,554 cash. Alphabet provides short-term cabin hiring services.

ELECTROCOMPONENTS is preparing £19m on expanding the RS Components headquarters at Corby, Northamptonshire.

INVESTORS CAPITAL Trust: Net asset value expanded 19 per cent from 387.5p to 459.5p a year to September 30. Proposed final dividend of 4.4p (14.8p), payable from earnings per share of 18.43p (16.26p).

RC RESTAURANTS has purchased Crispins Fish Restaurants and Takeaways from Manor Catering, a subsidiary of Ranks Hovis McDougall, for £2.3m cash.

MAI has acquired 94 per cent of Nordic Broker Moneymarkets, a domestic moneybroker based in Stockholm. Purchase consideration was not revealed but was said to be not material to MAI's balance sheet.

NEW LONDON has acquired the business and assets of three companies that traded under the name of Fruit, Free and Vacuum Companies, operating from Bryan, Texas. Consideration was \$400,000 (£254,000) with a further £200,000 payable in cash over the next year.

ROBECS has acquired the Hinckley business of Lin Pac Plastics, the tensional strapping systems subsidiary of Lin Pac Systems International.

QUARTO GROUP has sold its Food Arts magazine title to a New York publisher.

WENTWORTH INTERNATIONAL has entered into a conditional agreement to acquire Dowland Press, a litho printer and manufacturer of specialist envelopes, for an aggregate consideration of £2.04m, satisfied as to £1.19m cash, the issue of 250,000 new ordinary shares and the issue of £750,000 of guaranteed loan notes. The agreement provides for the payment to be made to the vendors by Dowland of a dividend of £324,000 (net of ACT) and pension contributions of £200,000 immediately prior to completion.

WHITECROFT has acquired Barnes Bros Finishers, of Blackburn, Lancashire, for £268,000 via the issue of 185,610 ordinary shares. Barnes is a bleacher, dyer and finisher of cotton and cotton-blend fabrics.

BOARD MEETINGS

The following companies have notified dates of board meetings in the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are ordinary or final and the dividends shown below are based mainly on last year's final dividend.

TODAY

Interstate (British Island Airways, Chelsea Airlines, Powerways Int, Pitt Capital Partners, Phoenix Securities Trust of Scotland, Penab, Railway Group, Grigoropoulos, Cook (Wm), Fowles Ltd, Fawcett)

FUTURE DATES

Company	Date
British System Inds	Nov. 6
Electric & General	Nov. 7
Philips Inds	Nov. 7
Power Dynalys	Nov. 22
Prepper	Nov. 10
RPI	Nov. 10
Safeland	Nov. 8
South African	Nov. 8
Surveyor Industries	Nov. 9
Fluor	Nov. 13
Bankers Investment Trust	Nov. 21
Line	Nov. 28
Barton	Nov. 16
Five Cables Investment	Nov. 14

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Cambridge Inst	Int	Jan 8	0.24	-	0.85
ERA	Int	Dec 15	1	-	2.75
Estates & Agency	Int	2	2	-	5
Greenwich House	Int	Dec 22	3	-	8.6
Int'l City	Int	nil	4.5	nil	7.5
Keystone Inv	Int	7	8	10	8.5
Marks & Spencer	Int	1.85p	1.7	-	5.8
Office of the Director	Int	0	0	-	0.1
Railway Inv Trst	Int	0.73	-	-	1.4
Smallshaw (R)	Int	nil	0.75	-	3
Stovergard	Int	0.1	nil	-	0.1
UDU	Int	2.5	1.71	3.4	2.43

Dividends shown pence per share not except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡SUSM stock. §Unquoted stock. ¶Treated as 'Corries' scrip option. ††Paid for period from October 25 1988 to March 31 1989.

MONTHLY AVERAGES OF STOCK INDICES

	October	September	August	July
Financial Times Government Securities	84.59	85.79	87.24	86.24
Fixed Interest	94.21	95.55	97.77	96.67
Ordinary	1786.7	1858.0	1890.3	1893.3
Gold Mines	203.2	208.0	198.6	197.9
SEAC Deepmine (5 p.m.)	26.24	25.89	28.51	28.12
F.T.-Averages				
Industrial Group	1136.00	1245.34	1243.45	1192.65
500 Share	1223.70	1329.32	1328.05	1273.48
Financial Group	757.14	814.10	798.71	783.63
All-Share	1110.88	1204.37	1195.36	1148.66
FT-SE 100	2201.8	2376.5	2393.3	2248.8

Oct. High Oct. Low

Ordinary	1898.3 (3rd)	1678.5 (27th)
All-Share	1173.94 (3rd)	1052.65 (27th)
FT-SE 100	2018.0 (3rd)	2002.1 (27th)

This advertisement is issued in compliance with the requirements of the Council of the Investment of the Stock Exchange. It is not an invitation to subscribe for shares in the company. Application has been made to the Council of the Stock Exchange for the grant of permission to deal in the whole of the issued share capital of C.C.S. Group plc in the United Kingdom. It is emphasized that no application has been made for these securities to be admitted to listing. Dealings are expected to commence on 26 November 1989.

C.C.S. GROUP plc
(Incorporated in England and Wales with registered number 128467)

Introduction of the whole of the issued share capital of the Company to the Unlisted Securities Market by
Stock Beech Securities Limited

SHARE CAPITAL

Authorized	Issued
£4,000,000 ordinary shares of 20p each	£3,163,477.60

The principal activity of C.C.S. Group plc is the provision of specialist plastering, painting and flooring services to the construction industry and that of a general builders merchant.

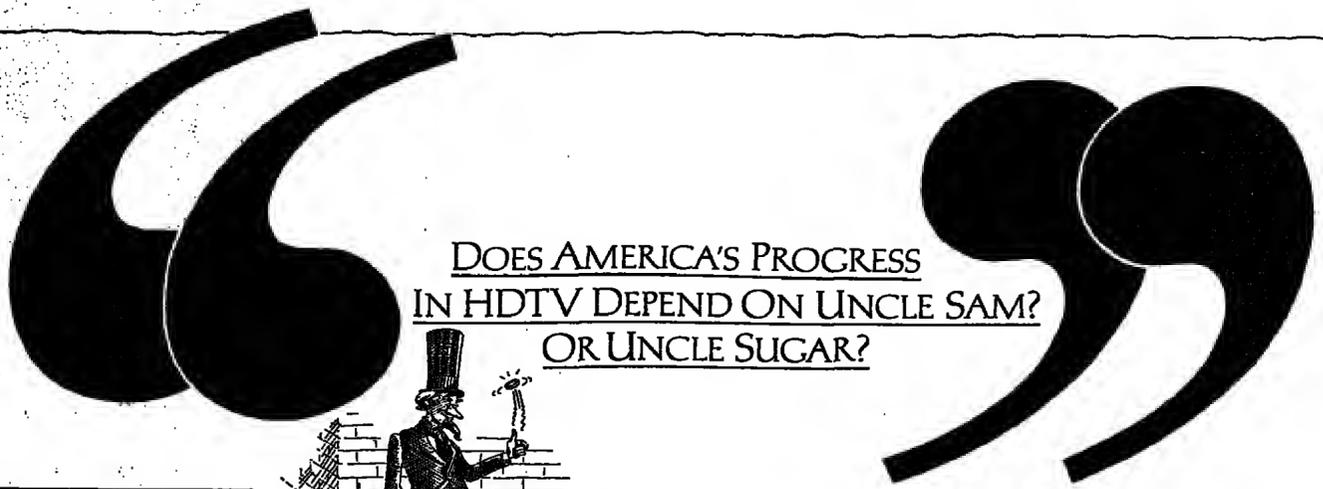
Particulars of the Company are available through the Eitel Financial Unlisted Securities Market Service and copies of such particulars may be obtained during usual business hours on any weekday (Saturdays and public holidays excepted) up to and including 15th November 1989 from the addresses set out below and during usual business hours on 2nd and 3rd November 1989 from the Company's Announcements Office, The International Stock Exchange, 46 Finsbury Square, London EC2 for collection only.

Wraggs & Co., Bank House, 8 Cherry Street, Birmingham, B2 3JY.

Stock Beech Securities Limited, Beech House, Greenfield Crescent, Edgbaston, Birmingham B15 3BB.

1st November 1989

CLEARING THE AIR ABOUT HIGH-DEFINITION TELEVISION NO. 4



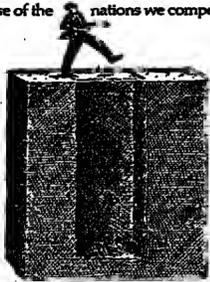
DOES AMERICA'S PROGRESS
IN HDTV DEPEND ON UNCLE SAM?
OR UNCLE SUGAR?

The professional television industry already has all the ingredients to succeed in high-definition television. In fact, what we really need from the Federal Government is not a cup of sugar, but the recipe.



Spending is no substitute for leadership.

We need Uncle Sam to set the technical parameters for delivering motion-picture-quality television into the home. Once these delivery standards have been set, the industry can implement production standards for making HDTV programs. Only by setting standards can we reasonably limit the risks of entering the market. But it's to no one's advantage to make a decision as far-reaching as this without examining all the options. And considering all the consequences—economic, cultural and political. Unfortunately, the delivery standards for conventional television, set almost 50 years ago, cannot accommodate true high-definition TV with its voracious demands on our limited broadcast spectrum. Economics and common sense suggest that HDTV should be compatible with existing TV receivers. Some sort of enhanced-definition television could be an interim step to true HDTV. However, other nations are already moving ahead and the U.S. should not accept standards that are substantially and permanently lower than those of the nations we compete with.



The U.S. should choose an HDTV standard that ensures a path to the future.

What appears to be a safe path today could turn into a dead end tomorrow. Or a mine field. The current NTSC standard, named for the National Television System Committee which established it, was probably higher than it needed to be at the time it was set. That's one reason why it's lasted for almost 50 years. Likewise, the standard for HDTV needs to be of high-enough quality to allow for the ingenuity of a free market. To allow for innovation, natural cost reductions, and a free flow of technology to other industries. At a minimum, it should allow the U.S. to compete successfully in other markets, like Europe and Japan, which already have committed to the higher standards of true HDTV.



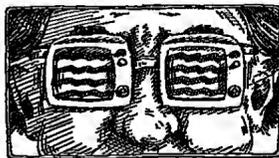
It looks good at home, but can it compete in open waters?

We're not talking about competing just for the sale of TVs and VCRs. People who view HDTV solely as a potential savior of the American consumer electronics industry are missing the big picture.

Granted, the manufacture of consumer electronics is a large industry—one which represents a lot of money and a lot of jobs. But making television sets is a narrow endeavor compared to making *Television*.

Just think of the dollars and people involved in the professional TV industry. The thousands of program production and post-production companies who make and export TV shows and commercials. The 1400 American television stations and nearly 10,000 cable systems who bring those programs into the home. And the professional equipment manufacturers, like Ampex, who make the equipment and videotape for recording, producing and delivering television programs.

You may be surprised to know that the United States is the world leader in all of these areas.



People who think the HDTV issue is just about TV sets aren't getting the picture.

More important, it is in the professional TV industry where new technology like HDTV is spawned—not in consumer electronics.

The VCR and portable video camera were professional tools long before they became available at local retailers. The professional TV industry has also spawned technology now used in myriad other fields—from education to aerospace, from medicine to police investigation.

Most of these technical achievements were produced by independent American companies without government assistance.

HDTV can happen the same way.



An amazing number of advances in other fields are a direct outgrowth of TV technology.

Whether or not we need "Uncle Sugar" to subsidize research and development or to provide tax breaks or trade restrictions is a matter of opinion. One thing's clear: Uncle Sam must set the standards and if those standards aren't competitive in world markets, all that sugar is going to go to waste.

We need some decisions. Fast decisions would be good. Educated ones would be better. For more information about this important issue, write to us on your letterhead and ask for your copy of our HDTV brochure. We're the world's leading professional TV company.



Ampex Corporation
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Redwood City, CA 94063

IF YOU WATCHED TV TODAY,
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AMPEX

This advertisement is issued in compliance with the Regulations of the Council of The Stock Exchange. Listing Particulars relating to Genesis Chile Fund Limited (the "Fund") have been delivered to the Registrar of Companies in England and Wales. Application has been made to the Council of The Stock Exchange for the Participating Shares capital of the Fund being issued to be admitted to the Official List. It is expected that Listing for the Participating Shares will become effective on 6th November, 1989 and that dealings will commence on the same day.



GENESIS CHILE FUND LIMITED

(Incorporated and registered with limited liability under the laws of Guernsey, registered number 21273)

Placing of 6,000,000 Participating Shares of 1 cent each at U.S.\$10.15 per Participating Share

The Fund is a closed-ended investment company whose aim is to achieve long-term capital growth through investment in the equity market in Chile.

Share Capital	
Authorised US\$100,000 US\$ 1,000	Issued and fully paid US\$60,000 US\$1,000
Participating Shares of 1 cent each	Founder Shares of \$1 each

In accordance with the Rules and Regulations of the Council of The Stock Exchange, *Kitcat & Aitken and NCL Investments Limited have placed 1,856,620 and 972,080 Participating Shares respectively. In addition, Genesis Investment Management Limited has placed 3,171,300 Participating Shares.

Listing Particulars relating to the Fund are available in the statistical services of Eitel Financial Limited. Copies of the Listing Particulars may be obtained for collection only during normal business hours (Saturdays and public holidays excepted) up to and including 3rd November, 1989 from the Company Announcements Office, The Stock Exchange, 46-50 Finsbury Square, London EC2A 1DD, and up to and including 17th November, 1989 from:

*Kitcat & Aitken,
71 Queen Victoria Street,
London EC4V 4DE

NCL Investments Limited,
Bartlett House,
9-12 Basinghall Street,
London EC2V 5NS

Genesis Investment Management Limited,
Bowater House West,
68 Knightsbridge,
London SW1X 7LT

1st November, 1989

*A Division of RBC Dominion Securities International Limited

UK COMPANY NEWS

Change of direction at textile group as new management team steps in Reverse takeover and rights at R Smallshaw

By Andrew Hill

NEW MANAGEMENT is to unravel the original strategy of R Smallshaw (Knitwear), a textile manufacturer and dyer, via a reverse takeover.

Smallshaw will become a consultancy, recruitment and training business and change its name to CRT Group.

CRT's first action will be to launch a seven-for-one rights issue to raise \$6.5m. The new shares will be offered at 40p against the market price of 77p at which Smallshaw's shares were suspended last Friday.

Dealings are expected to start again on November 27.

Mr Mike Griffiths, chairman and chief executive of Excalibur Group, the jewellery, precision engineering and merchandising group, was the catalyst for the deal.

He brought together Mr Greg Rigby, chairman and managing director of Bowerley, a sales training, consultancy and recruitment business and Mr Karl Chapman, who had already spotted the potential of that market. Smallshaw will buy Bowerley for up to \$2.4m in shares.

Mr Chapman, 27, a former director of Guinness Mahon

Unit Trust Managers, believes the fragmented consultancy, training and recruitment market is worth about \$30bn a year.

Mr Griffiths - who approached Excalibur Jewellery, the ailing Birmingham wholesaler, with a similar deal in 1987 - put the reverse takeover proposal to the Smallshaw family himself.

He will be CRT's non-executive chairman, owning about 10.8 per cent of the enlarged group. Mr Chapman, who is to become an executive director, will control 5.3 per cent.

Through Bowerley, Mr Rigby will own a further 14.9 per cent and will become CRT's managing director.

In 1988-89, Bowerley made \$295,000 (\$278,000) before tax on sales of \$1.65m (\$915,000).

"I was attracted to us in that with a market capitalisation of \$2.4m, net assets of \$10.4m, and significant cash in the bank (\$2.5m after the proposed acquisition and rights issue), we will be building on a very strong foundation," said Mr Chapman yesterday.

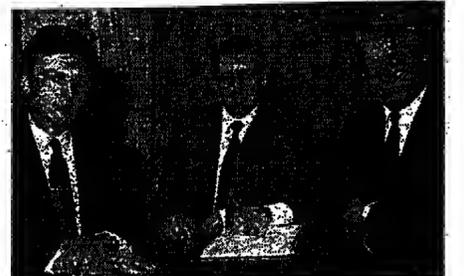
The knitwear business,

founded in 1967, will continue to trade as Smallshaw under the CRT umbrella, managed by its existing directors.

"Clearly we have a number of options: we could run the business [Smallshaw] as it is; we could make a couple of strategic acquisitions which would strengthen it; and there are other alternatives," said Mr Chapman.

Neither he nor Mr Griffiths would comment on the possibility of the knitwear operation being sold.

In the six months to June 30, Smallshaw lost \$194,000 before tax and an exceptional gain on a sale and leaseback deal, com-



The new team, left to right, Karl Chapman, director, Mike Griffiths, chairman, and Greg Rigby, managing director

pared with \$229,000 made in the equivalent period.

Earnings per share slipped from 5.95p to 0.16p and no interim dividend is to be paid, after the group was hit by the warm summer weather and a

temporary decline in demand for knitwear.

Part of the knitting production line has been suspended temporarily as part of a rationalisation scheme, making 85 staff redundant.

Kunick sells Bell arm for £31m

By Jane Fuller

KUNICK, the leisure and healthcare group, has sold the manufacturing arm of its Bell-Fruit amusement subsidiary to management for \$30.5m.

The deal comes less than 11 weeks after Kunick announced the \$87m purchase of Bell-Fruit from Quotepian in a move which doubled its size and raised its gearing to 60 per cent.

Mr Russell Smith, chairman of the USM-listed company, said: "I would not have bid for the whole business if I did not believe we could have sold this part to management. We are experts in the operation of these machines, not their manufacture."

At the time of the acquisition, he said he hoped to get \$26m for Bell-Fruit Manufacturing (BFM), the supplier of about 17 per cent of the machines operated by Bell-Fruit Services - the part of the business he really wanted.

Although Mr Smith yesterday described that price expectation as cautious, he said he was pleased to have settled on \$30.5m, bearing in mind that "some people have been worrying about the climate for MBOs."

The buy-out team, led by Mr Keith Healey, managing director, is paying \$29m immedi-

ately and the remaining \$1.9m in a year's time. Kunick aims to use the cash to restore the balance between its interests in leisure and healthcare for the elderly.

Mr Smith said the target was 50:50, but brokers were forecasting that 80 per cent of the business would lie in leisure this year.

This left healthcare, which involved nursing homes, domiciliary services and one acute hospital, with a lot of ground to make up.

Mr Smith admitted there was no "synergy" between the two wings of the business, which on the leisure side includes operating 40,000 amusement machines in UK pubs, distributing video games in France and running amusement in London, York and, soon, Paris.

The benefit lay, he said, in ploughing money from the mature leisure activities into the cash-hungry development of healthcare facilities. For example, Kunick had just

agreed to buy Caldaire Independent Hospital for \$2m.

Funding for the buy-out has been arranged by Barclays Development Capital, which has underwritten \$11.1m of equity capital. Barclays de Zoete Wedd has underwritten \$10m of mezzanine finance and Barclays Bank Acquisition Finance Unit, \$12.7m of senior debt including working capital facilities and interest rate swaps.

BFM, which made a profit of \$7m on turnover of \$25.2m for the year to July 1, will continue to be one of the companies supplying amusement machines to Kunick.

The business could soon receive a fillip from the Gaming Board through an expected raising of the maximum stake from 10p to 30p.

Companies like BFM would both carry out conversions of existing machines and benefit from more buoyant trade as pubs increased their revenue.

Approaches made to 'cash rich' MBS

By Nigel Clark and Vanessa Houlder

MBS, the computer services company, has been approached by a number of companies, although no offers have materialised. The shares closed 2p lower at 25p.

Mr Owen Williams, chairman, said yesterday: "We have had a number of discussions with companies that see MBS as increasingly cash rich."

The company has a cash balance of about \$2m which it anticipates will swell to \$15m-\$20m by December 1990.

He added that the company was considering repaying some of this money to shareholders after a capital reconstruction that would probably be completed next May allowing resumption of the dividend.

Acquisitions were also being contemplated, although these were unlikely in the near future.

His comments were made following the announcement of results covering a traumatic six months at the end of which ongoing businesses showed a trading profit of £1.04m on turnover of \$3.93m.

However, that was swamped by losses of \$4.63m on activities which have been discontinued or are about to be discontinued leaving a pre-tax loss of \$7.1m.

The company, once Europe's largest IBM distributor, was forced to sell its core product sales division after that side of the business fell into losses resulting in a deficit of £14.1m last year.

It is also planning to sell Microtex, the Altos system distributor.

Mr Williams said the company was confident of the potential of this remaining computer services division, which is the second largest in the British market, but did not expect income in the second half to show significant growth.

He added that the management buy-out of the product sales side more than made up for the losses and left the company with net cash. The population of goodwill arising from the sale plus the expected costs were taken as an extraordinary credit of £7.24m (£1.57m charge).

Total turnover for the six months to July 5 was \$9.4m, against \$9.2m last time when there was a profit of \$215,000. The loss per share was 7p (0.2p earnings).

Third Market to merge with USM

By Clare Pearson

Semperviva, set up to exploit research findings on non-toxic fruit coatings, said yesterday that it was joining the Third Market.

At the same time the Stock Exchange announced plans to abolish this tier for the smallest quoted companies.

In a consultative document which forms part of the UK's response to European Community directives on new issues, the Exchange said it proposed to merge the Third Market with the Unlisted Securities Market.

The Exchange, which proposes the trading record requirement for the USM should be reduced from three to two years, hopes to finalise plans for the markets' merger by next January.

Semperviva's placing is of 6.23m ordinary shares at 40p each, representing 43 per cent of the enlarged issued share capital and raising a net \$2.1m in new money.

Semperviva has traded since 1984 - moving into a pre-tax profit of £137,000, scored on sales of £1.37m, for the first time in the year to end-March 1989. It said there will be no dividend payment for the current financial year.

Meanwhile, the USM gained a recruit yesterday in the form of Air London International, which with a \$5.6m flotation, becomes the only UK quoted air charter broking company.

The placing is of 2.67m shares at 75p each, representing 30.2 per cent of the share capital. Half of these are being sold by Mr Tony Mack, the company's chairman.

At the placing price, the historic p/e is 11.3 and the notional net annual dividend for the year to end-July is 2.28p.

Last year Air London made pre-tax profits of \$331,000 (\$124,000) from directors' pension contributions and bonus payments of \$483,000 (\$248,000), which will now be discontinued.

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Interest Amount per £5,000 Note due 30 November 1989: £632.26

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Agent Bank: Baring Brothers & Co., Limited

MOTOR CAR ADVERTISING appears every Saturday in the WEEKEND FT.

Telephone **JOCELYN HUNTER** ON 01-873 3658

Clerical Medical announces that with effect from 1st November 1989 the Mortgage Base Rate will increase by 1% for the purposes of Clerical Medical/Kleinwort Benson mortgage schemes.

ADVERTISE YOUR HOUSE IN FULL COLOUR

every Saturday in the Weekend FT.

To find out more call **Kimberly Taylor** on **01-873 3231/4885.**

This advertisement is issued in compliance with the requirements of the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The Stock Exchange")

W B Industries plc
(Incorporated and Registered in England under the Companies Acts 1862-1900. Registered No. 79136)

Introduction by **Henry Cooke, Lumsden plc** following the acquisition of Elson & Robbins, Public Limited Company and a Rights Issue of up to 24,588,825 Ordinary shares of 10p each at 25p

Share Capital

Authorised £ 4,112,489 387,511 4,500,000	Issued and fully paid £ 3,646,721 387,511 4,034,232
Ordinary shares of 10p each	Deferred shares of 10p each

W B Industries plc is a holding company of a group whose business comprises the manufacture of coiled springs, bed spring assemblies and open cell PVC foam and the servicing and distribution of gozboxes.

Application has been made to the Council of The Stock Exchange for the whole of the issued ordinary share capital of W B Industries to be admitted to the Official List. It is expected that dealings will commence on 6th November, 1989.

Listing Particulars relating to W B Industries plc are available in the Eitel Statistical Service and copies of each particular may be obtained during normal business hours up to and including 6th November, 1989 from the Company Announcements Office, The Stock Exchange, London and up to and including 23rd November, 1989 from:

W B Industries plc George Street West Bromwich B70 6NA	Henry Cooke, Lumsden plc PO Box 369 No. 1 King Street Manchester M6B 5AH	Henry Cooke, Lumsden plc Crown House 66/68 Southwark Street London SE1 1UL
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1st November, 1989

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In accordance with the terms and conditions of the issue, notice is hereby given that the interest rate applicable to the coupon amount per US\$ 10,000 denominations will be US\$ 494.22 and per US\$ 250,000 denominations will be US\$ 10,626.47.

BANQUE GENERALE DU LUXEMBOURG S.A.
Reference Agent

This advertisement is issued in compliance with the regulations of the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The Stock Exchange"). Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the undermentioned securities of Air London International PLC in the Unlisted Securities Market. It is emphasised that no application has been made for these securities to be admitted to listing and that this advertisement does not constitute an offer or invitation to any person to subscribe for or to purchase securities. It is expected that dealings will commence on 6th November, 1989.

Air London

AIR LONDON INTERNATIONAL PLC
(Incorporated in England and Wales under the Companies Acts 1948 to 1967 number 980675)

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by **Besson Gregory Limited**

Share Capital

Authorised £575,000	Issued and now being issued fully paid £441,666.65
Ordinary Shares of 5p	

Air London International PLC is an air charter broking company which provides a world wide service hiring all types of aircraft on behalf of its clients.

Full particulars of the Company are available through the Eitel Unlisted Securities Market Service and copies of the Prospectus may be obtained during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the Company Announcements Office of The Stock Exchange, 46 Finsbury Square, London EC2A 1DD (for collection only) up to and including 3rd November, 1989 and up to and including 15th November, 1989 from:

Besson Gregory Limited The Registry Royal Mint Court London EC3N 4EY	Air London International PLC Mack House Kivington Court Gatwick Road Crawley Sussex RH10 2GG
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A Member of The Securities Association

1st November, 1989

UK COMPANY NEWS

Inoco calls for £11.3m

By Clay Harris
INOCO, the oil and property investment company, is to strengthen its balance sheet through a three-for-five rights issue to raise a net £11.3m. Inoco's USM-traded shares closed 4p lower at 20p yesterday, compared with the 15p rights price.

If a possible disposal of US investment properties with a book value of £11.7m goes ahead, the proceeds of that sale and the rights issue would reduce Inoco's net borrowings from £66m to about £40m, according to Mr David Hudd, chairman.

So far this year, Inoco has bought investment properties for £26.5m and paid £25m for a 33.9 per cent stake in Gulf Resources and Chemical, the US exploration and production company.

Inoco has been discussing the possible sale of its US investment companies to Gulf. It also said its directors planned to spend more time on the management of Gulf.

Monaco Group, Mr David Rowland's offshore company which owns 48.5 per cent of Inoco, has undertaken to subscribe for its entitlement of 37.5m shares and Inoco directors will take up 940,000 shares.

The balance has been underwritten by Interallians Bank Zurich's London subsidiary and Haber Financ.

Maxwell makes £25m purchase

Macmillan, a Maxwell Communications Corporation subsidiary, has acquired two Simon and Schuster professional information service units from Paramount Communications for \$40m (£25.4m).

The two units acquired are Prentice Hall Information Services (PHIS), which publishes loose leaf format research and information products, and Prentice Hall Information Network (PHINET), which delivers electronically PHIS tax publications and public tax information.

Both businesses will become part of the newly formed Macmillan Professional and Business Reference Division.

Continuing policy of growth via acquisition Enlarged UDO rises 27% to £7.9m

By Jane Fuller
UDO HOLDINGS, a supplier of drawing office equipment and services, increased its profit from £6.21m to £7.88m pre-tax for the year to July 31.

The 27 per cent improvement was achieved on turnover growth little more than 8 per cent higher at £61.05m (£57.33m). Mr Graham Ede, finance director, said the reason for the comparatively modest increase was the disposal of a big chunk of loss-making turnover acquired with Aarque and Harper & Tunstall in Sweden, Denmark and Ireland.

With the closure of some UK manufacturing plant and job

cuts, this had brought the two acquisitions back into profit. And more cash was being harvested through the £5.8m sale of half of Aarque's site near Heathrow, where UDO now has its headquarters.

Manufacturing, for example, of paper coated with light-sensitive film, accounted for about 15m of sales and the plant's customers were the five regions in UDO's national distribution network.

Mr Mike Wright, chairman, said this network included 60 branches, more than 300 delivery vehicles and a 200-strong sales force. Just over a quarter

of sales were in the northern region, with London the second most important.

Continuing the policy of growth by acquisition, the most recent extensions of the network had come through buying businesses in Preston, Cardiff and Middlesbrough. Yet UDO remained free of gearing.

Mr Wright relished the thought of both filling in gaps in UK coverage and of expanding to the continent. He thought the best opportunity for the latter would be in repro services, the highest margin part of the business.

This involves, for example,

the rapid reproduction of a few large, colour copies of a design. UDO claims to have the biggest share, more than 11 per cent, of the fragmented £120m UK repro market.

Mr Wright said the company's customers were in a variety of industries - from aerospace to high street stores. He added that so far UDO had experienced none of the "dorm and gloom" which others feared in UK markets.

Earnings per share were up 24 per cent to 18.2p (14.67p) and a 2.5p final dividend will make a total of 3.4p (2.43p). The shares rose 5p to 215p.

Unigroup recovery accelerates

A STRONG performance from its Malaysian operations prompted a marked acceleration in the continuing recovery at Unigroup, the timber, building products and clothing company.

In the 12 months to June 30 1989, pre-tax profits expanded to £1.15m, against £276,000 in the previous year, achieved on relatively static turnover of £16.76m (£16.31m), and after an exceptional credit of £24,000 (loss of £128,000) from foreign exchange translation.

Mr James Malthouse, chairman, said improved profits in

the Malaysian timber products side, up from £284,000 to £1.11m, were attributable to increased output resulting from additional production facilities brought on stream during the second half.

Profits in the building products division eased to £387,000 (£404,000), reflecting losses at Security Structures, closed last March. However, CD SA, the French subsidiary engaged in the distribution of Corian, a high-quality acrylic work surface, had achieved "encouraging progress" and contributed a small profit.

The clothing division displayed some recovery in the second six months to show a reduced loss of £273,000 (£285,000).

Earnings per 15p share were 1.88p, up from 0.16p last time. There is again no dividend proposed - the last payment was in 1986.

Mr Malthouse said the group wished to see a further reduction in borrowings - interest charges totalled £319,000 (£346,000) during the year - before payment of arrears on the convertible preference can commence.

Less than 1% take up for City Site rights

By Clay Harris
CITY SITE Estates, the Glasgow-based property developer, became the front-runner for the wooden spoon yesterday when it received applications for less than 1 per cent of its £19.8m rights issue, the worst result since the recent period of market weakness began in mid-September.

Since the issue of convertible preference shares was fully underwritten, City Site will receive all of the money despite the 0.72 per cent take-up.

Moreover, most of the shares spurned in the rights issue will go to the same institutional shareholders in their role as

sub-underwriters.

City Site's issue suffered not only because of the rise in interest rates and the fall-out from Wall Street's October 15 plunge, but also because of the warning by Mr Robin Leigh-Pemberton, Governor of the Bank of England, about excessive lending to property companies.

The group's ordinary shares have fallen from 260p on September 14, when the issue was announced, to 175p yesterday.

The new preference shares are convertible from February 1993 at an effective price of 260p.

Estates & Agency slips to £243,000

Estates & Agency Holdings recorded a sharp increase in gross rental income from £1.26m to £1.75m, but pre-tax profits for the half year to June 30 fell by £92,000 to £243,000.

Earnings per 25p share came back from 4.22p to 2.77p basic, or 3.22p (nil) fully diluted, after tax of £75,000 (£80,000). The interim dividend is raised to 2.25p (2p).

The directors said that Venturist Holdings had, subject to contract, made an offer to purchase the 70 per cent of the ordinary shares in DS not held by Venturist. Following this, a recapitalisation would take place, which would result in DS no longer being an associate of Estates and Agency, with its holding reduced to about 19.5 per cent of the enlarged capital.

Progress at Crown Eyeglass

A SHARP recovery in interim profits was yesterday reported by Crown Eyeglass, the spectacle manufacturer and distributor quoted on the Third Market.

In the half year to end-September, the group unveiled a taxable outcome of £174,000, which compared with £59,000 in the corresponding period of last year and £111,000 for the full year.

Mr Joe Lee, chairman, said the outcome "reflects our commitment to managing the group's existing activities effectively and efficiently."

Sales at Readyplex, the wholly-owned subsidiary which distributes ready-made reading glasses, exceeded original expectations, Mr Lee said, and further expansion was anticipated both in the UK and overseas.

The group's move into Sweden - currently consisting of two franchised outlets - had proved successful and several more outlets are scheduled to open in the second half.

Turnover expanded 80 per cent to £2.18m (£1.15m). Distribution costs were higher at £290,000 (£190,000) and administration costs took £370,000 (£288,000), leaving operating profit ahead at £197,000 (£61,000).

Earnings per 5p share worked through at 6.9p, up from 2.4p.

Disposal aids rise at Cambridge Instrument

By Ray Bashford
CAMBRIDGE Instrument, the civil and optical instrument equipment group which is merging with Wild Leitz of Switzerland, increased pre-tax profits by 10 per cent during the six months to September 29.

Despite a decline in turnover, Cambridge's pre-tax profits reached £2.51m compared with £2.29m in the previous corresponding half. The result included a £500,000 contribution from the sale of a business during the half.

However, this disposal and the sale of another part of the company reduced turnover to £51.85m (£53.56m), directors said.

Under the merger plan which was announced last July, the biggest shareholder in Wild Leitz, the optical and scientific group which makes the Leica range of cameras, will emerge with a 41 per cent stake in the combined group.

The companies are in the final stages of receiving regulatory approval in the UK and US for the deal which will create a group with annual sales of £500m.

Directors said that the merger has caused some disruption to its optical microscope operations because customers are waiting to see how the rationalisation of business, where there is overlap between the two companies, is carried out.

Cambridge is lifting its interim dividend 8 per cent to 0.26p, payable from earnings per share of 2.19p (2.14p).

Oakwood seeks legal advice over CoxMoore merger

By Graham Deller
OAKWOOD GROUP, the civil and electrical engineer, has sought legal advice over its merger in July last year with CoxMoore, the branded textiles company.

Interim results for the combined group, released yesterday, showed a pre-tax deficit of £5.49m for the six months to end-June 1989. Oakwood said that it expected to incur a loss for the full year.

The loss offset a good performance from Clough Smith, the original engineering business, which turned in operating profits of £530,000 and property (Paul Rackham) which contributed £190,000.

The group, currently restructuring CoxMoore's textile operations, is seeking purchasers for certain of its assets in an attempt to reduce borrowings - interest charges for the period were £1.52m.

Group turnover totalled £25.25m and the operating loss amounted to £765,000.

The loss per 10p share worked through at 26.1p and there is no interim dividend.



The news confirmed a profits warning issued in August.

Oakwood said yesterday that the loss for the period - not comparable with the previous year due to the acquisitions of CoxMoore and Paul Rackham, an industrial property investment concern, and a change in the accounting period - arose entirely from CoxMoore, which incurred an operating loss of £1.49m.

The pre-tax outcome was

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TECHNOLOGY

David Fishlock describes the workings at two nuclear waste treatment plants operating at Sellafield

A powerful method of cleaning up

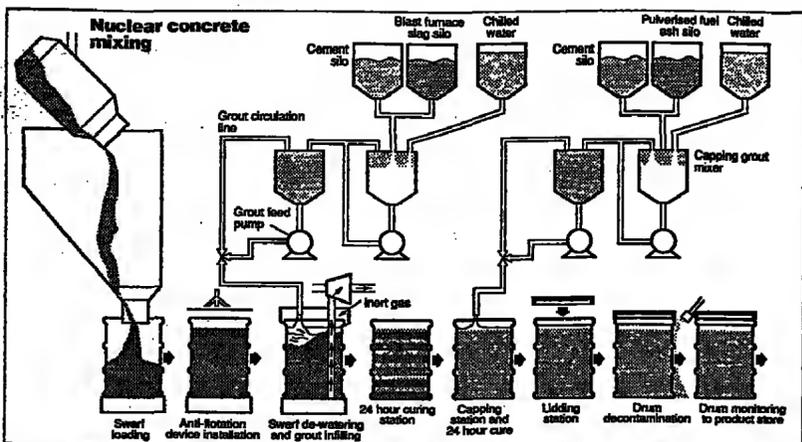
British Nuclear Fuels has designed two nuclear waste treatment plants at a cost of more than £500m. They are about to be used to package the deadly debris of the nuclear industry for final disposal in repositories in Britain or abroad.

The high cost stems from the degree of safety required. The plants must package toxic wastes without risk to plant operators and without compromising the neighbouring environment. The most dangerous nuclear waste is the highly radioactive effluent from reprocessing spent nuclear fuel. It contains assorted actinides - by-products of the fission reaction. When processed, this "high-level" waste is so radioactive that it emits intense heat and radiation.

These effluent streams, usually stored as a liquid, will be solidified for permanent storage in the Windscale Vitrification Plant (WVP), built at BNFL's Sellafield reprocessing factory in Cumbria. It is a £250m glassmaking plant where robots convert the hot liquor into borosilicate glass ingots, sealed in stainless steel cylinders.

The first task for Alan Woodall, WVP project manager, was to compare French technology for this glass-making process with a British one called Harveco, under development in the early 1970s but shelved in favour of more pressing projects. By 1981 the French were so far ahead, Woodall said, that BNFL could save money by licensing their process.

The plant will vitrify, by the end of the century, 4,000 tonnes of effluent. The sealed glass ingots will be stacked in ventilated tubes. The plant contains nearly 10,000 metres of stainless steel pipework, much of it strung through a long concrete cave at the heart of the plant. Alan Dobson,



works manager of the plant, calls it "Clapham Junction," where numerous effluent streams meet to feed the glassmaking operation.

He has just begun nine months of tests and commissioning trials. He is testing the process with liquor identical to real effluent except that it is not radioactive. It flows into a rotating furnace that turns it into free-flowing grit. Then streams of grit and glass frit are mixed in a glassmaking furnace and the product poured into 400kg cylinders. During testing, the cylinders can be separated into halves after the glass has solidified, to see how perfectly it has poured.

When first stored, the cylinders will

have a surface temperature of about 300 deg C. BNFL expects to keep them in its ventilated store for up to 100 years, while they cool enough to be buried. BNFL engineers expect the glassmaking furnace to survive for only 5,000 hours, but the calciner for five years. They have designed a process in which every piece of equipment can be replaced remotely from behind several metres of concrete, and the corroded components sawn up small enough to feed into the same cylinders as highly radioactive waste. Dobson expects this "secondary" waste stream to amount to about 1 per cent of WVP's output.

The plant is scheduled to pour

reactive glass for the first time next summer. By the mid-1990s Dobson expects to be shipping glass ingots back to BNFL's overseas reprocessing customers in Japan and Europe. It is a condition of the reprocessing contract. Japan, for example, plans to build its own store along the same lines as Dobson's to receive its waste. But the Germans plan to store them in their transport containers, each containing 20 ingots.

The magnesium alloy (Magnox) sheaths peeled from spent fuel before it is reprocessed at Sellafield falls into the category of "intermediate-level" waste - dangerously radioactive but not heat-generating.

BRITISH NUCLEAR Fuels has submitted its bid to fuel the Sizewell B nuclear station under construction by the Central Electricity Generating Board. This is the first time BNFL has been obliged to compete with foreign companies for a contract from a domestic electricity company.

The contract, worth around £10m, is for the first load of fuel for the 1,150MW pressurised water reactor (PWR). According to Greg Butler, director of fuel division at Springfields near Preston, the contract is vital for the future of BNFL's £170m a year fuel business.

BNFL's bid is supported by a £120m project known as the new oxide fuel complex (NOFC), for which

BNFL is breaking ground. This is a scheme to bring under one roof the manufacture of fuel which now zig-zags between buildings across a large site.

Nuclear fuel is a precision engineering component, designed to emerge dimensionally unchanged after years in the nuclear furnace. If distorted, it could jam in the reactor and cause safety problems. NOFC's workload for the 1990s is to supply fuel for Britain's 14 advanced gas-cooled reactors (AGR) and to produce oxide fuel of a complex design, for which Springfields has no competition.

Before seeking BNFL board approval for NOFC, Butler first took account of his workforce. Approximately 1,500 people are employed making fuel for Magnox

reactors, for which demand is expected to dwindle by the end of the century. But shopfloor practices established since the 1950s would impose a heavy premium if transferred to PWR fuel. "Our PWR fuel would be twice the world market price," he says.

New technology, far fewer people and a more adaptable retrained workforce were needed. Agreement with unions for new working practices was negotiated last December. Barriers between the crafts were eliminated; Butler is already running a trial process with retrained craftsmen. He hopes direct labour costs can be cut by 50 per cent. Safety will also benefit from greater job flexibility. It is weakest in the areas between people's responsibilities, he says.

Butler's plans for NOFC focus on a pilot PWR fuel line built seven years ago. An integrated reprocessing plant will make ceramic pellets of uranium dioxide for both AGR and PWR fuels. The plant will combine chemical engineering, powder metallurgy and light engineering production lines. The planned workforce of 250 will be half the number now making AGR fuel in four separate buildings. NOFC is designed to make 230 tonnes of AGR fuel and 90 tonnes of PWR fuel a year, with the possibility of expanding PWR output to 200 tonnes a year.

Ted Williams, assistant director responsible for commercial development, sees opportunities for creating new business from selling "depleted" uranium - metal from

BNFL is commissioning a £260m plant designed to mix these peelings in concrete (see diagram).

A measure of the intricacy of Sellafield's first encapsulation plant (EP1) is that it contains 28,500 metres of pipework - nearly three times as much as WVP. The heart of EP1 is a gleaming white cavern where concrete mixers fill stainless steel drums the size of oil barrels with a mixture of cement and swarf. Early next year it will start filling the 500-litre drums at a rate of eight per day, welding them up and washing them free from traces of activity.

Should the robots drop one of the drums they are versatile enough to clean up the mess. The plant has taken five years to build, following the discovery that a concrete silo used to store the peelings under water was leaking. BNFL was still working on EP1's design as it was being built, says Eric Watson, project manager.

One-third of the cost is consumed in the store for sealed drums, each numbered and categorised for future reference. It will also hold drums of metal peelings (steel and zirconium alloy) from oxide fuels, which will be encapsulated in EP2, under construction alongside and scheduled for completion in two years. EP2 will serve the needs of Sellafield's £1.8bn thermal oxide reprocessing plant (Thorp), scheduled to start reprocessing oxide fuels in 1992.

Tony Stephens, director of BNFL's engineering division, sees it as "all very simple technology, highly researched and highly engineered." BNFL claims that it has perfected the technology to a point where it will find markets overseas, in Japan for example. "We've spent a lot of money getting to the front end of the technology," says Stephens.

Williams's other prospect is bottled fluorine gas. Springfields has one of the biggest fluorine manufacturing plants in the world. Fluorine affords several opportunities for extra business, says Williams. One is to supply bottled gas. Another is to make fluorine-based specialty chemicals, for example for the pharmaceutical industry. Other opportunities are joint ventures with companies which want to make fluorine on a large scale, for instance to produce ozone-friendly CFC-substitutes as aerosol propellants.

The one that got away

The hunt for one of the world's rarest creatures begins in the Indian Ocean this week. An expedition organised by the West German Max-Planck Institute of Behavioural Physiology will spend about seven weeks off the western coast of the Grand Comore Island searching for the coelacanth, a fish once believed to have been extinct for 60m years.

The leader of the expedition, Prof Hans Fricke, released coelacanth films and stills in 1987 (not from depths of only 200 metres). The team's specially designed submersible - called Jago after a Red Sea deep-water shark - will be able to study the social behaviour and metabolism of the coelacanth at depths up to 400 metres, the coelacanth's normal day habitat. The prehistoric fish leaves for warmer waters only to find food.

Jago, made from steel supplied by Krupp Stahlbau in Hanover, West Germany, is designed to cope with a pressure of 48kg per square centimetre of its surface. Fifteen West German firms took part in its three-tonne construction, which can support a crew for up to seven days.

Before being exposed to the Indian Ocean, Jago passed stringent tests on Lake Geneva. At a depth of more than 300 metres, "the frame and the thick windows in the submersible bow shook audibly."

Fricke's colleague on the expedition is John Armstrong of Aberdeen University's zoology department. He and Monty Priddle, head of the deep-sea research team, pioneered sonar equipment for studying fish at great depths.

An expedition was commissioned by Britain's National Environmental Research Council that involved an unmanned deep ocean submersible called Andos I, made at Aberdeen University. The sonar equipment used on Andos I will be used for this expedition.

Andos I operates from the seabed, at depths of up to 6,000 metres. It weighs 250 kilograms, is three metres long, two metres wide and one metre high. Inside the vehicle, scientists rigged a CAMEL C1800 Oceanographic 35mm

still time-lapse camera capable of taking 800 automatic exposures every three minutes.

Two hydrophone systems track the fish: one acoustic receiver has a range of 1 kilometre and is linked to an audio tape-recorder. The other, with a range of two kilometres, is connected to a magnetic compass and scanner encoder. The information it gathers is stored on a digital audio tape. A compass monitors the position of the submersible, which is recorded by the data collection system. Ocean currents, temperatures, the sound of fish and other information are also recorded.

To locate the fish, acoustic transmitters - wrapped in pieces of mackerel - are attached to the outside of Andos I. They are about one centimetre in diameter and four centimetres long. Once the vehicle is put onboard, it falls to the bottom of the ocean (4,800 metres in the last Atlantic test) and is kept in position by scrap steel ballast.

When an inquisitive fish comes along, it swallows the acoustic tag and swims away. The camera is angled and focused in such a way that it takes a picture of the arrival and departure of the fish, while the compass records the exact position of the vehicle. After 24 hours, a signal from the ship's sonar triggers a release mechanism which, electromagnetically, sheds the ballast and brings Andos I to the surface.

The team is confident that the expedition will not only locate the world's oldest living fossil, but also acquire valuable scientific information which could lead to a better understanding of the human hearing system.

Still, all might not be plain sailing for Jago. Fricke believes that a Japanese company is trying to catch a live coelacanth for the Japanese Toha Aquarium south of Tokyo.

The cost of the enterprise is estimated at nearly \$2m. "If it should be successful," says Fricke, "others will undoubtedly follow, and a fish which has survived many millions of years will fall victim to man's greed."

Andrew Wiseman

A contemporary Dutch masterpiece



Dutch masterpieces enjoy a bankable reputation for long-term profitability both at suction and in the skies.

COMMODITIES AND AGRICULTURE

Australian producers hope for iron ore price boost

By Chris Sherwell in Sydney

AUSTRALIAN IRON ore producers are hoping for a second successive year of significant price increases when their next round of negotiations with Japanese steelmakers begins...

risers which were secured for the current year can be expected in 1990. Latest production figures from the three major Australian producers...

eight months, and a cessation of production at the Lamco mine in Liberia. A further factor is the absence of any mine which can increase production quickly enough to cover emerging shortfalls...

Chilean copper industry in the melting pot

Barbara Durr on the outlook for the world's biggest producer after this year's election

THE WANING fortunes of Codelco, Chile's state-owned copper giant, and the brisk expansion of private - especially, foreign-owned - mines...

THE PINOCHET regime is considering new controversial legislation that would reorganise the administration and management of Codelco.

commission, said the Pinochet Government was trying to extend its powers into the next political period.

be dominated by Pinochet appointees, was "over represented." He added that while the two labour representatives might well oppose the new government's policies...

The turn-about for the world's largest producer is prompting criticism from copper experts in the political opposition.

The opposition - which expects to win the December elections - has promised that the regime is trying to reduce the new democratic government's control of Codelco.

Mr Valenzuela claimed that the Central Bank, which will be autonomous as of the end of the year and whose board will

currently is in concentrates would gradually be moved to higher-priced cathodes.

vate company and U.S. embassy estimates, potential non-Codelco production could increase from this year's 370,000 tonnes to as much as 1.12m tonnes in 1992...

Ivorian appeal on cocoa price

By David Blackwell

THE IVORY Coast, the world's biggest cocoa producer yesterday appealed to London's cocoa trade to help it lift world prices above the present 14-year lows.

Mr A.N. Montafian, chairman of the cocoa producers' association, said that in the past four years his country had lost £1.2bn on its cocoa production.

500,000 tonnes of cocoa at a time. It was opening the market to competition. Mr Bledon said he did not believe in what he called the problems of overproduction.

Overall production of Chilean copper is expected to rise to 2.2m tonnes in 1992, following the start up of the vast La Escondida mine owned by British

Opposition copper experts say that Codelco's future is in jeopardy because of the lower ore grade world stabilise and that from 1990 on production would be a steady 1.1m to 1.2m tonnes a year.

While it is clear that Mr Contesse, a Pinochet loyalist, will remain Codelco chief if an opposition government comes in, he said that according to current plans the company

While the controversy over the direction of Codelco unfolds, the private sector is moving into top gear to drive for greater production capacity.

These current bright prospects for Chile's copper industry could nonetheless be modified. Analysts believe copper prices will decline in the early 1990s, on top of which a possibly less enthusiastic welcome for foreign investors could delay or cancel some of the projects.

WEEKLY METALS PRICES

Table with columns for metal name, price per unit, and change. Includes COBALT, MERCURY, MOLYBDENUM, CADMIUM, and SELENIUM.

Table with columns for metal name, price per unit, and change. Includes TUNGSTEN ORE, VANADIUM, and URANIUM.

Ministers warned against restrictive food policies

By Bridget Bloom in Beaura

THE EUROPEAN Community must be wary of drawing up too narrow and restrictive policies as it seeks to reach agreement on new quality controls for food and farm produce.

on its own food standards, governed by strict rules on methods of production, contents, precise geographical origins such as are involved for example in the Appellation d'origine contrôlée (AOC) which applies to wine, cheese and a number of other regional products.

While from preliminary discussions here France appears to have the broad support of Italy, Spain, Belgium, Luxembourg and to a more limited extent West Germany, the Netherlands and Britain in particular are opposed to any extension of such controls.

Though discussions of a Community-wide policy on food quality control are at an early stage, with a Commission proposal unlikely before next year, Mr MacSharry's warning yesterday shows that the Commission shares some of Britain's concerns.

the interests of consumers to see the development of the system which would provide best guarantees of consistently high quality, the Community could hardly become involved in dealing with specifications for the tens of thousands of products, processes and recipes that could be involved.

LONDON MARKETS

Table of commodity prices in London, including COFFEE, RUBBER, and various oils.

Table of commodity prices in London, including COCOA, COPPER, and various oils.

Table of commodity prices in London, including LONDON METAL EXCHANGE, POTATOES - IRPE, and SOYABEAN MEAL - IRPE.

Table of commodity prices in London, including LONDON BULLION MARKET, SOYABEAN MEAL - IRPE, and PRIMEWET FUTURES - IRPE.

Table of commodity prices in London, including SOYABEAN MEAL - IRPE, PRIMEWET FUTURES - IRPE, and GRAINS - IRPE.

Table of commodity prices in London, including GRAINS - IRPE, RUBBER, and various oils.

Table of commodity prices in London, including RUBBER, and various oils.

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WORLD COMMODITIES PRICES

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LONDON STOCK EXCHANGE

Equity sector continues its recovery

THE RECOVERY in UK equities took a further substantial step forward yesterday when a firm pound and early reports from a parliamentary debate on the UK economy set the stage for some cautious share buying by domestic investment institutions. The Footsie index added another 30 points to finally restore all and more of the ground lost since the resignation last week of Mr Nigel Lawson as Chancellor of the Exchequer.

Equities opened firmly after the Governor of the Bank of England had stressed his distaste for falls in the sterling exchange rate. The market was helped along by a modest trad-

rency changes via its overseas earnings.

Hoare Govett expects C&W to show underlying profits growth of around 25 per cent when it reports interim figures on November 22. The broker expects pre-tax profits of £222m from £198m and points out that last year's figure was boosted by the sale of the 2.5 per cent stake in Racal prior to the flotation of Racal Telecom. For the full year Hoare is forecasting pre-tax profits of £238m and for the following 12 months is going for £422m. Hoare says Mercury is beginning to perform and expects it to contribute £18m for the half-year and £45m for the full year.

In recommending a switch out of British Telecom into C&W, the electronics/telecoms team at Smith New Court expects Telecom to show a flat profits performance in the second quarter, "they're heavily exposed to the economic slowdown in the UK which also slows telecoms traffic and they are under pressure from Mercury."

But at the Smith team says C&W's results will be good, that C&W shares have underperformed BT's by 10 per cent in one month and that C&W earns some 85 per cent of its profits outside the UK. BT were fractionally harder at 25p.

provided that the necessary shareholder agreement was given. And, second, the New York market, whose recently erratic performance has been an additionally discouraging factor for the London market, opened with a sharp advance.

The Jaguar announcement was quickly followed by a substantial rise in Jaguar shares as they returned from an earlier suspension, re-alarmed the market's takeover sector, and in particular inspired gains in the handful of other leading stocks which are at present shielded from predators by Golden Shares - Amersham, Rolls-Royce and British Aerospace were among the most

prominent features.

The assurance in the House of Commons from Mr John Major, the new UK Chancellor of the Exchequer, that existing economic policies would be maintained buttressed market confidence towards the end of the trading session.

A confident close left the FT-100 index at 2,142.6, a net 30.4 points higher on the day. Traders sounded optimistic if not too deeply reassured by the rally of the past two sessions. The immediate outlook hinges on several factors, notably the prospects for sterling and domestic interest rates, as well as for the ability of Mrs Thatcher's Government to ride

out the political storm surrounding Mr Lawson's unexpected departure.

Yesterday's parliamentary debate was still continuing when the stock market closed for the day, so a full response from the City will have to wait until this morning.

Trading volume, which has become the most crucial factor in the stock market equation, improved slightly yesterday, with Seaq volume at 334.5m shares against Monday's 256.6m. But volume is still painfully thin in terms of the viability of marketmaking firms, some of which have begun to thin out their staffing levels yet again.

Open season in Jaguar

"It's open season now on Jaguar shares," was the market's immediate response to the surprise decision by the British government to relax the restriction imposed on individual share holdings when the luxury car maker was privatised.

Jaguar shares, suspended at 76p at mid-session, returned with a vengeance following the government statement, to reach ahead to a close of 86p, a gain on the day of 12.2. Trading volume, unexcited before the suspension, bounded ahead later to a final total of 9.7m shares.

Buyers yesterday were mostly speculators, including US arbitrageurs who have been leading the running in Jaguar shares. London traders, who are now assuming shareholder approval for removal of the golden share provisions, expect a bidding war between Ford Motor, already with 13.2 per cent of Jaguar, and General Motors, yet to announce a

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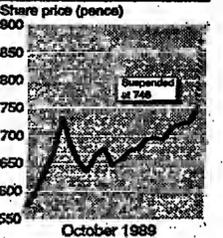
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stake. Both would have to make further filings under US legislation if they wish to increase stakes beyond 15 per cent.

"You won't get another chance to bet on what is clearly a two horse race," commented Mr Peter Deighton of County NatWest.

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C&W recommended

Telecommunications group Cable & Wireless was given a strong push by at least three of the City's most influential broking firms, James Capel, Hoare Govett and Smith New Court.

James Capel, which took C&W off its buy list a month ago, said the stock had fallen by around 100p or so since then and now looks "oversold." The broker also says the fundamentals look good and that the company stands to be a substantial beneficiary from cur-

rency changes via its overseas earnings.

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Board moves at Scottish & Newcastle

SCOTTISH & NEWCASTLE BREWERIES has made the following changes. Mr Ian Hamann becomes chairman of the Newcastle Breweries, and William Younger & Co, Mr Roy Summers becomes chairman of Waverley Vintners, and Mr Hugo Page Craft becomes chairman of Matthew Brown. Mr Summers and Mr Page Craft's other responsibilities remain unchanged.

Mr D.J.L. Abbot has been appointed a director of EDGAR HAMILTON GROUP; Mr E.S. Hammond an assistant director, Edgar Hamilton, Lloyd's brokers, and Mr A.R. Bennett an assistant divisional director of Edgar Hamilton UK and Edgar Hamilton & Welland.

Mr Michael Purtington, has been appointed managing director, risk management marketing, at CONTINENTAL BANK, London. He was with Bankers Trust.

THE PRIVATE BANK & TRUST CO has appointed Mr Geoffrey Elliot as a non-executive director. He is an advisory director of Morgan Stanley & Co Inc.

Mr Ian Stewart, MP, has been appointed a non-executive

APPOINTMENTS

director of SECOCMBE MARSHALL & CAMPION HOLDINGS.

Mr Bruce Fleking has been appointed as director, practice regulation, at THE INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES. He was a partner in Arthur Andersen.

MORRISON CONSTRUCTION GROUP has appointed Mr Robin Forrest as marketing director, civil engineering division, Shand Construction; and Mr Tom Dalgleish as building operations executive director.

Mr Michael Bell (above) has been appointed project director for MERCURY PERSONAL COMMUNICATIONS NETWORK, a Cable & Wireless led consortium with Motorola, US, and Telefonos, Spain. He was project director for Celnat.

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	Oct 31	Oct 30	Oct 27	Oct 26	Oct 25	High	Low	Open	Close
Government Secs	84.81	84.35	84.37	85.31	85.21	86.39	86.20	83.75	127.4
Fixed Interest	83.81	83.86	83.87	84.08	84.04	87.78	86.59	83.20	105.4
Ordinary Share	1721.4	1701.7	1678.5	1720.5	1751.9	1507.7	2008.8	1447.8	2008.8
Gold Mines	218.5	223.8	208.5	188.8	195.8	168.1	223.8	164.7	734.7
FT-100 Share	2142.5	2112.2	2082.1	2128.5	2161.9	1857.8	2426.0	1782.8	2443.4
Ord. Div. Yield	4.80	4.80	4.92	4.81	4.72	4.64			
Earning Yld % (full)	11.54	11.88	11.86	11.59	11.38	11.88			
P/E Ratio(Neq%)	10.47	10.35	10.20	10.43	10.64	10.37			
SEAQ Bargains(50m)	23,575	18,620	28,856	22,038	20,030	23,472			
Equity Turnover(£m)	563.70	1038.22	738.31	789.28	627.80				
Equity Turnover(m)	19,650	27,858	21,107	20,536	24,228				
Shares Traded (m)	417.1	529.7	379.7	396.2	411.5				
Ordinary Share Index, Hourly changes				Day's High 1721.4	Day's Low 1704.4				
Open	1708.8	11 a.m.	1708.8	12 p.m.	1708.8	1 p.m.	1715.2	2 p.m.	1718.2
FT-100, Hourly changes				Day's High 2142.5	Day's Low 2120.5				
Open	2124.6	11 a.m.	2128.0	12 p.m.	2126.8	1 p.m.	2130.6	2 p.m.	2136.8

Stock	Value	Qty	Day's Range	Stock	Value	Qty	Day's Range	Stock	Value	Qty	Day's Range
Asda	2,880	142	1.80-2.00	British Gas	1,100	110	1.00-1.10	British Telecom	1,000	100	1.00-1.10
Asda	1,800	180	1.80-2.00	British Gas	1,100	110	1.00-1.10	British Telecom	1,000	100	1.00-1.10
Asda	1,800	180	1.80-2.00	British Gas	1,100	110	1.00-1.10	British Telecom	1,000	100	1.00-1.10

The following is based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 p.m.

Asda failed to join in the stockmarket's rally, following a report from Goldman Sachs. The report commented that "it is difficult to see anything other than continued underperformance for the shares."

It expected the share price to hold at around 180p, a level which has provided support for the shares over the last five years. The report expected further difficulties in Asda's distribution and non-food businesses. Asda closed unchanged at 142p.

Hillsdown rose after a presentation to institutions in London yesterday. Hillsdown emphasised that it did not expect its furniture and property divisions to be significantly impaired despite the slower pace of economic growth.

Mr Richard Workman, of Hoare Govett, said "Hillsdown underlined on dividends and profits from DRG helped the price advance 22 to 56p. Much of the buying was what one dealer described as "transatlantic." Mr John Kenny, analyst at BZW, said that the forecasts "suggests that Pembroke will get a good deal."

Courtside retreated after Monday's sharp rise in the wake of its proposed demerger into two divisions. The shares ended 8 lower at 35p.

A country broker persistently sold Geers Gross, the advertising agency embroiled on bid and joint venture stories earlier in the year. "However low I call the price, he keeps selling," said one dealer, "He must be very disillusioned." The price slipped 4 to 38p.

A positive note issued by the BZW building on the company's West German operations boosted Redland shares 13 to 50p. BZW said "accounting for around 25 per cent of total profits, we believe Redland's West German subsidiary, Braas, has a more important position within the group than

is traditionally recognised; it will achieve a strong improvement in profits in 1989 and prospects look good."

Meyer International were strongly supported, rising 12 to 31p ahead of the November interims.

The agreed 470p a share plus a 20p special dividend bid from Orkem, the French state-owned group, saw Coates Brothers jump 44 to 475p. Rechem, reporting interims today and whose Pontypool, South Wales, toxic waste plant has been given an environmental all-clear by Welsh Office officials, rose 35 more to 59p.

Other market statistics, including FT-Actuaries, Share Index and London Traded Options, Page 26

On entering The Manila Hotel, General MacArthur would go past the front desk to a private elevator and his own reception area. MacArthur Club guests are no less privileged.

The Manila Hotel's new MacArthur Club is dedicated to the comfort and service of visiting business people. And to Club guests, we offer the choice of a room or suite in the elegant old building or the new Tower Wing. Whichever you select, you benefit from a private elevator, express check-in/check-out at the Club Reception, private Lounge and Concierge, complimentary Continental breakfasts and laundry/dry cleaning services and other special amenities. You will also quickly understand why General MacArthur called The Manila Hotel home.

There are perhaps a dozen incredible places you must see in the Orient. One of them is a hotel.

The Manila Hotel
Philippines

Rizal Park (P.O. Box 307), Manila, Philippines. Telec: 40537 MHOTEL PM. Fax: (63)(2) 47-1124 or 48-2430. Telephone: (63)(2) 47-0011. Or contact: Krenner & Partners Bad Homburg, Uetli International, Swissair Interconventions/Hotels Zurich, KLM/Golden Tulip Int'l B.V.

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

Main table containing unit trust information with columns for Name, Price, and Yield. Includes sections for 'OTHER UK UNIT TRUSTS' and 'INSURANCES'.

OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page

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Main table containing unit trust information with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections for 'MANAGEMENT SERVICES', 'OFFSHORE AND OVERSEAS', and 'LUXEMBOURG (SIB RECOGNISED)'.

SWITZERLAND (SIB RECOGNISED)

GUERNSEY (**)

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

MANAGEMENT SERVICES

LOM (SIB RECOGNISED)

ASSET GLOBAL FUNDS

ASSET GLOBAL FUNDS

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LUXEMBOURG (SIB RECOGNISED)

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FT UNIT TRUST INFORMATION SERVICE

Table of FT Unit Trust Information Service listing various unit trusts, their performance, and details. Includes sections for 'ISLE OF MAN', 'LUXEMBOURG', and 'OTHER OFFSHORE FUNDS'.

LONDON SHARE SERVICE

Table of London Share Service listing various funds, including British Funds, Loans, Foreign Bonds & Rails, and American Funds. Includes sections for 'BRITISH FUNDS', 'CORPORATION LOANS', 'COMMONWEALTH & AFRICAN LOANS', and 'MONEY MARKET TRUST FUNDS'.

LONDON SHARE SERVICE

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LEISURE table with columns for Stock, Price, % Chg, and other financial metrics.

PAPER, PRINTING, ADVERTISING - Contd table with columns for Stock, Price, % Chg, and other financial metrics.

PROPERTY table with columns for Stock, Price, % Chg, and other financial metrics.

MOTORS, AIRCRAFT TRADES table with columns for Stock, Price, % Chg, and other financial metrics.

TEXTILES - Contd table with columns for Stock, Price, % Chg, and other financial metrics.

NEWSPAPERS, PUBLISHERS table with columns for Stock, Price, % Chg, and other financial metrics.

TRUSTS, FINANCE, LAND table with columns for Stock, Price, % Chg, and other financial metrics.

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SHOES AND LEATHER table with columns for Stock, Price, % Chg, and other financial metrics.

TRUSTS, FINANCE, LAND table with columns for Stock, Price, % Chg, and other financial metrics.

TOBACCO table with columns for Stock, Price, % Chg, and other financial metrics.

TRANSPORT table with columns for Stock, Price, % Chg, and other financial metrics.

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NOTES section containing detailed financial notes and disclosures regarding the share prices and company information.

REGIONAL & IRISH STOCKS table with columns for Stock, Price, % Chg, and other financial metrics.

TRADITIONAL OPTIONS table with columns for Stock, Price, % Chg, and other financial metrics.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

No Major move by sterling

STERLING REMAINED at the centre of attention on the foreign exchanges yesterday but showed little immediate reaction in New York to comments in the UK Parliament by Mr John Major, the new Chancellor of the Exchequer, or to those by Mr Nigel Lawson, the previous Chancellor.

company. The initial reaction in New York was calm however, with sterling showing little movement from the London closing levels.

upward revision to a 0.5 per cent gain from 0.3 per cent in the August figure. Dealers said the data showed that the US economy continues to grow at a moderate pace and there was nothing in the report to change the Federal Reserve's monetary stance.

C IN NEW YORK

Table with columns: Oct 31, Latest, Profits. Rows include 1 month, 3 months, 12 months, and various currency rates.

STERLING INDEX

Table with columns: Oct 31, Latest, Profits. Rows include Sterling, US Dollar, Canadian Dollar, etc.

CURRENCY RATES

Table with columns: Oct 31, Bank rate, Central bank, etc. Rows include Sterling, US Dollar, Japanese Yen, etc.

CURRENCY MOVEMENTS

Table with columns: Oct 31, Bank of England, etc. Rows include Sterling, US Dollar, Japanese Yen, etc.

OTHER CURRENCIES

Table with columns: Oct 31, £, S. Rows include Argentina, Australia, Brazil, etc.

FINANCIAL FUTURES AND OPTIONS

Table with columns: Strike, Call, Put, etc. Rows include LEFFE SOY BEAN FUTURES, LEFFE US TREASURY BOND, etc.

CHICAGO

Table with columns: Dec, Jan, Feb, etc. Rows include LEFFE WHEAT, LEFFE CORN, etc.

EURO-CURRENCY INTEREST RATES

Table with columns: Oct 31, Short term, 7 days, etc. Rows include Sterling, US Dollar, Japanese Yen, etc.

ROUND SPOT-FORWARD AGAINST THE DOLLAR

Table with columns: Oct 31, Days, etc. Rows include US, Canada, UK, etc.

DOLLAR SPOT-FORWARD AGAINST THE DOLLAR

Table with columns: Oct 31, Days, etc. Rows include US, Canada, UK, etc.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Oct 31, Euro, etc. Rows include Belgium, France, Germany, etc.

EXCHANGE CROSS RATES

Table with columns: Oct 31, £, S, DM, etc. Rows include £/\$, £/DM, etc.

FINANCIAL FUTURES AND OPTIONS

Table with columns: Strike, Call, Put, etc. Rows include LEFFE SOY BEAN FUTURES, LEFFE US TREASURY BOND, etc.

CHICAGO

Table with columns: Dec, Jan, Feb, etc. Rows include LEFFE WHEAT, LEFFE CORN, etc.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Oct 31, Nov 99, etc. Rows include Gold, Silver, etc.

BASE LENDING RATES

Table with columns: Oct 31, Bank, etc. Rows include Bank of England, etc.

CLASSIFIED ADVERTISEMENT RATES

Table with columns: Per line, single, etc. Rows include Appointments, Commercial, etc.

FAIRBANKS FINANCIAL MORTGAGES/ REMORTGAGES ARE YOU AWARE THAT THERE IS FOREIGN INTEREST IN YOUR MORTGAGE? * ECU loans at 11% fixed...

DEFENCE The Financial Times proposes to publish this survey on: 6th December 1989 For a full editorial synopsis and advertisement details, please contact: Ian Ely-Corbett...

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CROSSWORD No.7,078 Set by DANTE 1 Quiet during day without a lot of noise (6) 2 A quintet involved in commercial that's old hat (10)...

MONEY MARKETS

Nervous trading

INTEREST RATES showed mixed changes on the London money market yesterday, but the rate generally looked for guidance on the direction of bank base rates - three-month per cent. This action was less aggressive than the market expected...

FT LONDON INTERBANK FIXING

Table with columns: Oct 31, 5 months US dollars, etc. Rows include 3 months, 6 months, etc.

MONEY RATES

Table with columns: Oct 31, Treasury bills, etc. Rows include 3 months, 6 months, etc.

LONDON MONEY RATES

Table with columns: Oct 31, Overnight, 7 days, etc. Rows include Interbank Offer, etc.

BASE LENDING RATES

Table with columns: Oct 31, Bank, etc. Rows include Bank of England, etc.

CLASSIFIED ADVERTISEMENT RATES

Table with columns: Per line, single, etc. Rows include Appointments, Commercial, etc.

WORLD STOCK MARKETS

Table of world stock markets including sections for Australia, Canada, Germany, Italy, Japan, and the UK. Each section lists various stocks with their current prices and percentage changes.

CANADA

Table of Canadian stock markets, including Toronto and Montreal sections. Lists stock prices and changes for various companies.

INDICES

Table of financial indices including Dow Jones, Standard and Poor's, and various international indices. Shows values for different dates and years.

Table of New York Active Stocks and Trading Activity. Lists stock prices, trading volumes, and market activity.

Table of Canada Toronto stock market activity. Lists stock prices and changes for various Canadian companies.

Table of Tokyo Most Active Stocks. Lists stock prices and changes for active Japanese stocks.

Advertisement for Financial Times featuring a large image of a globe and the text 'Keep the world in focus.' Includes contact information for the New York office.

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices listing various stocks with columns for High, Low, Stock, Div., Yld., and Change. Includes sub-sections for 12 Month, 1 Year, and 6 Month periods.

NASDAQ NATIONAL MARKET

3pm prices October 31

Table of NASDAQ National Market prices listing various stocks with columns for High, Low, Stock, Div., Yld., and Change. Includes sub-sections for 12 Month, 1 Year, and 6 Month periods.

AMEX COMPOSITE PRICES

4pm prices October 31

Table of AMEX Composite Prices listing various stocks with columns for High, Low, Stock, Div., Yld., and Change.

Table of AMEX Composite Prices listing various stocks with columns for High, Low, Stock, Div., Yld., and Change.

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AMERICA

Economic and takeover hopes help Dow advance

Wall Street

MORE EVIDENCE of a weakening economy, which may persuade the US Federal Reserve to ease monetary policy, news of a multi-billion dollar takeover bid revived equities yesterday, writes Janet Bush in New York.

This Dow Jones Industrial Average closed 41.80 higher at 2,648.08 on moderately active volume of 176m shares.

Closing near its highs for the session, the Dow was helped by smart gains in paper and forest product companies as a result of the \$3.18bn, or \$58-a-share, offer by Georgia-Pacific for Great Northern Nekeosa.

The bid by Georgia-Pacific is the first significant offer to emerge since the collapse of the financing deal for the proposed buy-out of UAL which caused such turbulence in the equity market recently.

It encouraged hopes that merger and acquisition activity can resume after the nervous hiatus that followed the UAL debacle and the withdrawal of Mr Donald Trump's \$120-a-share offer for AMR.

It is also hoped that the Georgia-Pacific offer might presage a consolidation in the paper industry.

A clutch of mixed economic data, interpreted generally as signalling further economic weakness, helped equities and boosted bond prices, in anticipation that the Fed might soon lower its target for Fed

Funds from the current 8% per cent.

US leading indicators rose by 0.2 per cent in September, against expectations of a 0.4 per cent gain. That was somewhat offset by an upward revision in August indicators, but nevertheless pointed to continuing economic deceleration.

US single family home sales fell 14 per cent in September, the largest drop since January 1982. Although some analysts felt that the number overstated weakness in the housing market and was partly due to bad weather, there is no doubt that housing has cooled considerably.

Both stock and bond markets are now waiting for other key economic releases this week, notably Friday's October employment figures. Two widely-read economic reports are due today - the Fed's Tanzi Book of regional economic reports, used as a guide to monetary policy, and the US purchasing managers' report, which gives some guide to demand.

Many equity strategists believe that, in view of weakening corporate profits revealed in third-quarter earnings announcements, another Fed easing is a necessary prerequisite to any stabilising in the equity market.

Nothing is likely to emerge from the Fed until after Friday's employment data, which are expected to show a much smaller increase in the non-farm payroll than the 208,000

jump recorded in September.

Great Northern Nekeosa was the most dramatic winner of the session, surging \$20 to \$62%. Georgia-Pacific fell 4% to \$49%. Among other companies in the sector, International Paper added 3% to \$49% and Weyerhaeuser gained 3% to \$27%.

Among forest product companies, Mead jumped 2% to \$38% and Temple-Inland was up 3% to \$62%.

Paramount Communications added 1% to \$53% after it completed the sale of its financial services subsidiary to Ford Motor and said it would report a \$1.2bn gain on the sale.

Gen-Probe added 3% to \$6 in over-the-counter trading after Chugai Pharmaceutical of Japan agreed to acquire the company for \$64 a share.

Canada

MODERATE trading left Toronto share prices higher. The composite index was up 31.45 at 3,915.82 as advances led declines by 377 to 295. Volume rose to 29m shares from 21m on Monday.

BP Canada lost C\$4 in over-the-counter trading after reporting higher third-quarter and nine-month earnings, but lower net profits. Rolloid, which fell C\$4 on Monday following the omission of a dividend and a nine-month loss, was off C\$3 at C\$107.

Four Seasons Hotels gained C\$4 to C\$36. It said that it planned a two-for-one stock split and a higher dividend.

Malaysia aims to emerge from Singapore's shadow

Lim Siong Hoon on the reasoning behind the split

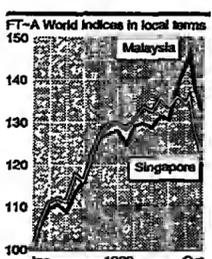
THE STOCK markets in Malaysia and Singapore used to reflect how much their two economies were actually one. Malaysia tapped rubber, Singaporeans sold it to the world, Singapore, with its international financial links, handled as many Malaysian stocks as the Malaysians did. And Sims Darby was sometimes mistaken for a Singapore company.

So when Malaysia decided last week to pull its companies out of Singapore, the realisation of just how far the two economies had drifted apart came with a jolt.

Until this decade, Malaysia moved the bulk of its tin, rubber and palm oil to the island state at the southern tip of the peninsula. These commodities were re-exported from Singapore's convenient geographic location. Prospering on the back of this trade, Singapore began constructing a securities and financial market modelled after Hong Kong.

The odd element in Singapore's 535-company exchange is the presence of 182 Malaysian companies. Among its blue chip companies, the favourites of the international fund managers, are the plantations and, to a smaller degree, the tin companies - all of them Malaysian.

Today it is manufacturing, and not agriculture, that accounts for a quarter of Malaysia's gross domestic product and provides the main export business. It is not that agricultural growth has slowed, but rather that manufacturing has grown four times faster. So, with real growth of 7.7 per cent this year and an expected 7.5 per cent next year, the Malaysian economy is beginning to be driven as much by internal demand as by external trade.



share of turnover in the 52 Singapore companies on the Kuala Lumpur exchange was less than 3 per cent.

The practice being violated is that you quote your companies abroad and end up losing your markets," said Mr Mohamed Salleh Abdul Majid, general manager of the Kuala Lumpur Stock Exchange (KLSE).

By breaking with the Stock Exchange of Singapore, the KLSE hopes to improve its own standing. Star companies that have emerged, such as the Malaysian Airline System and the Malaysia International Shipping Corporation, reflect the country's economic transformation.

Mr Rashid Hussain, executive chairman of Zahid Hussain Securities, Malaysia's only listed securities company, thinks it right for the KLSE to reflect this change by moving out of Singapore's shadow.

"We have now come full circle... We should get it over with as fast as possible."

Malaysia's market capitalisation has doubled over the past decade to nearly US\$50bn, the increase fuelled as much by rapid domestic growth - which provides a fiscal national funds - as by a surge in foreign, and particularly Japanese, demand.

Foreigners can buy up to 49 per cent of a Malaysian company's equity. A two-tier market - with about 60 closely held blue chips, and second-tier companies that are more prone to speculation - is another attraction. There have been a dozen new listings so far this year, and Malaysia is now aiming to introduce more blue chips to a market independent of Singapore.

EUROPE

Action gives way to words on eve of holiday

THERE WAS more opinion than action in many Continental centres yesterday, with today's widespread holiday already dampening trading, writes Our Markets Staff.

FRANKFURT was treated to the news that West Germany's controversial house turnover tax will be abolished from 1991, and some analysts said this would be good for shares.

Others said that the repeal would be good for bonds and the West German capital markets; that the parallel repeal of the "Gesellschaftsteuer," a tax on new entrants, would encourage new companies to the market, but that existing share prices and dealings would not be affected to any great degree.

Before this, the market had recovered from an opening decline, through a 2.5% rise to 617.51 in the FAZ index at mid-session, to close at the DAX 6.47 higher at 1,472.76. However, volume stayed very low at DM2.7bn, against Monday's DM2.6bn which was the lowest for five months.

Winners on the day included Deutsche Bank, up DM6.50 at DM656; Siemens, DMB to DM531; and Veba, DM10 to DM328. However, it took a

third tier stock to show what can really happen on a thin day as Kall Chemie, 70 per cent owned by Solvay, jumped DM67 to DM612 on speculation that its Belgian parent might want to bid for the minority.

PARIS began well but petered out around midday when many investors left early for their holiday. The CAC 40 index closed just 5.42 higher at 498.37, after reaching 501, and the CAC 40 index was up 14.52 at 1,819.51.

Actively continued in Navigation Mixte, with 111,000 shares traded, but this price slipped FF19 to FF1,888 (still above Paribas's FF1,850 offer) as some profit-takers set off for pastures new. Following Allianz's announcement on Monday that it had permission to take its stake above 20 per cent, another shareholder in Mixte, Framstome's Cere subsidiary, emerged yesterday with a stake of about 7 per cent, up from 5.7 per cent.

Bouygues, the construction group, gained FF13 to FF674, reporting a rise in first-half profits from FF60m to FF150m. Thomson-CSF rose FF2.40 to FF185.50 after the chairman said the company had about FF6.5bn in cash,

enough both to buy the Philips European defence interests and to launch a move on Ferranti.

ZURICH saw the Credit Suisse index ease 2.3 to 603.6 in quiet trading, and the proposed restructuring of Osrlikon-Bihle came as a distinct disappointment to optimists who had expected it to involve partnership with West German or Italian management.

Oschlitz said that although the restructuring would result in a mark-down of the group's reported net assets, this would not affect its share price, because group losses in recent years had already pushed this to sufficiently low levels. Its bearer shares promptly fell SF50 to SF1,190.

MADRID enjoyed the rise yesterday that most had expected on Monday, after the socialist election victory.

The general index added 2.96 to 307.25, after barely moving on Monday, but investors were

still not exactly throwing their hats in the air. Volume was thought to be a modest \$110m after Monday's \$77m and much of the turnover was concentrated in the utility stocks. Iberduero, for example, gained 23 points to 671 per cent of nominal market value, while Hidrola was up 16 at 560.

Construction shares had a strong day, Dragados rising 60 to 3,010. In the year to last Friday, property stocks gained 96 per cent, constructions 29 per cent, and utilities 25 per cent, against a market rise of 11 per cent, according to Nikko Securities' weekly Spanish report.

Two factors are thought still to be holding investors back: the payment of taxes this month, which could dampen retail buying, and hesitation about the measures the Socialists will propose to prevent the economy from overheating.

AMSTERDAM ended higher in lms with Londa and Wall Street, but trading was subdued as institutions remained cautious. The CBS tendency index rose 1.1 to 181.0.

The five-for-one split in the stock of the NMB banking group, now named NMB-Postbank, took place, and the share price ended 10 cents higher at

FF145.70.

STOCKHOLM was depressed by disappointing company forecasts, which tipped the Affarsvärlden General index 16.7 lower to 1,204.0, in moderate turnover worth SKR19m.

Volvo dropped SKR11 to SKR464; there seemed to have been no progress made in its co-operation talks with Renault of France.

MODECO free B shares fell SKR25 to SKR290 after the company revised downwards its 1989 profit forecast on Monday.

COPENHAGEN was unruffled by the resignation of Mr Palle Simonson, Danish Finance Minister, or by Monday's rise in short-term interest rates. Bank and shipping issues led share prices higher, with the course index gaining 2.38 to 342.10.

BRUSSELS picked up late in the day, in a correction following recent declines. The course market index added 24.89 to 6,230.56.

HELSINKI was overshadowed by the bankruptcy proceedings of Wärtsilä Marine which opened yesterday, and share prices eased in uncertain trading.

The Untas all-share index lost 0.4 to 688.5.

SOUTH AFRICA

GOLD shares put in a more muted performance in Johannesburg after their sharp gains during the previous two sessions.

ASIA PACIFIC

Nikkei rebounds as selective demand returns

TURNOVER and prices on Singapore's second-tier market, Sesdaq, have been boosted by the proposed de-listing of Malaysian companies from Singapore. There are hopes that the exchange will move some of the 14 Sesdaq companies to the main board as a result of the Malaysian pull-out, one dealer explained.

HK\$85m, but it was well above Monday's HK\$51m.

Further consideration of the Hongkong Bank's plan to reval the size of its inner reserves brought in more foreign buying and lifted its shares for the second day running, by 20 cents to HK\$6.70. The finance sector led the market, although properties, utilities and industrial issues posted strong, but less pronounced gains.

SINGAPORE rebounded as investors took a more sanguine view of the Malaysian withdrawal. Turnover remained subdued at 61.3m shares, slightly higher than Monday's 59.9m, but the Straits Times industrial index climbed 29.6,

or 2.3 per cent, to 1,322.41.

There was some institutional bargain-hunting, but most of the activity was again down to retail investors.

Speculative Malaysian stocks lost further ground, but there were strong gains elsewhere. NOL saw 2.8m shares traded and rose 2 cents to \$1.51, while DBS Land gained 6 cents to \$2.65 on 2m shares. Among blue chips, Fraser and Neave rose 60 cents to \$84.

In spite of the better tone, there were fears that Malaysia could take further, more damaging action if, as is widely expected, a large over-the-counter market for Malaysian stocks develops in Singapore.

KUALA LUMPUR also recovered some ground, with quality stocks leading gains in thin trading. The composite index rose 4.29 to 475.20, after dropping 11.73 points on Monday.

AUSTRALIA firmed in quiet trading as golds continued Monday's rally, in spite of a decline in the metal price. The All Ordinaries index rose 8.2 to 1,546.2 as turnover fell to 104m shares and A\$152m, from 108m and A\$206m.

The gold shares index put on 1.5 per cent, adding to Monday's 0.5 per cent gain. However, at the end of trading, gold had slipped to about US\$376.55 an ounce, down US\$1.80 from the same time on Monday.

MANILA got everything right but volume, the composite index finishing 32.12 higher at a two-year high of 1,399.37. Sentiment was optimistic and most trades centred on blue chips, but most participants stayed on the sidelines.

TAIWAN was closed for a holiday.

the announcement that its chairman, Mr Taji Eguchi, is to relocate from Tokyo to Akron, Ohio. It closed up Y120 at Y2,070.

The sharp appreciation in land prices has shifted from Tokyo to other urban areas, particularly the Osaka area, leading to buoyant interest in companies with property or land development business. In Osaka, the OSX average finish 143.70 higher at 38,353.90. Volume improved substantially to 71m shares from the 50m traded on Monday.

Roundup

THINGS were looking up almost everywhere in the Asia Pacific region.

HONG KONG posted its best performance in two weeks, paced by a continued rise at the Hongkong Bank, as the Hang Seng index rose 44.99 or 1.7 per cent, to 2,725.29. Turnover remained subdued at

HOUSEHOLD INTERNATIONAL

has made a tax-free distribution to its shareholders of the common stock of

Eljer Industries, Inc.

Morgan Guaranty initiated this transaction and acted as financial advisor to Household International, Inc.

JPMorgan

JPMorgan

FT-ACTUARIES WORLD INDICES

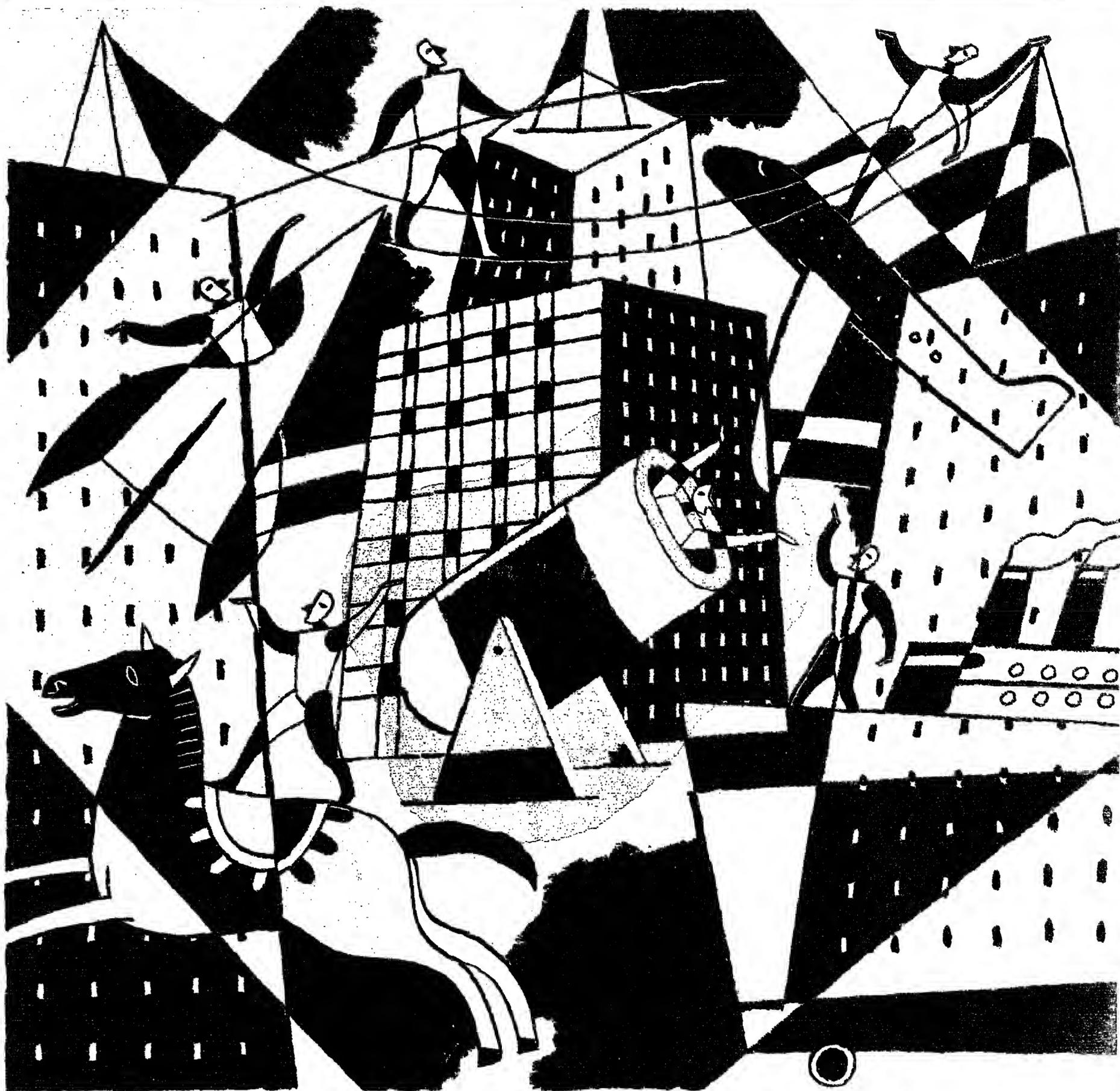
Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY OCTOBER 31 1989				MONDAY OCTOBER 30 1989				DOLLAR INDEX			
	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's Change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989 High	1989 Low	Year ago (approx)
Australia (85)	148.87	+0.7	136.98	126.67	+0.8	5.22	147.99	130.00	125.72	160.41	128.28	148.49
Austria (19)	143.12	+0.2	143.25	128.25	+0.5	1.70	148.33	139.88	142.17	172.22	82.84	94.99
Belgium (62)	137.46	+0.2	129.14	131.02	+0.2	4.22	139.26	149.87	130.70	154.99	129.48	129.48
Canada (122)	148.83	+0.8	135.83	126.52	+0.8	3.34	147.57	136.61	125.51	154.17	124.57	121.88
Denmark (36)	211.78	+0.8	136.98	205.59	+0.7	1.54	206.95	197.18	204.16	219.89	195.35	148.25
Finland (58)	124.27	+0.1	118.73	117.01	+0.7	2.55	124.16	116.61	110.84	155.16	123.12	126.70
France (126)	132.38	+0.7	124.38	123.74	+0.9	2.90	131.43	126.46	128.55	138.94	112.57	128.11
West Germany (97)	95.13	+0.1	88.37	91.05	+0.4	2.26	95.02	88.24	90.72	103.84	79.58	86.21
Hong Kong (49)	115.07	+1.7	109.11	115.38	+1.7	4.80	113.20	106.32	113.48	140.33	86.41	105.97
Ireland (17)	157.05	+0.9	147.55	153.35	+0.7	2.89	152.42	148.79	154.82	166.89	125.00	133.55
Italy (97)	87.21	+0.7	81.93	88.05	+1.1	2.80	86.59	81.33	87.08	93.73	74.57	79.83
Japan (455)	187.43	+0.2	178.10	169.07	+0.8	0.48	187.02	175.65	167.98	200.11	164.22	174.00
Malaysia (39)	152.67	+0.6	161.02	200.05	+0.9	2.65	161.06	179.47	198.21	209.22	143.35	138.93
Mexico (13)	301.85	+0.2	283.62	289.50	+0.1	0.60	289.07	285.85	226.81	153.32	153.32	153.32
Netherlands (43)	125.58	+0.0	117.96	118.13	+0.3	4.45	125.52	117.88	118.79	131.72	110.83	110.18
New Zealand (19)	76.39	+1.3	71.77	88.50	+1.2	5.12	75.41	70.85	68.12	68.18	62.64	72.22
Norway (24)	167.13	+0.2	157.02	158.16	+0.2	1.86	158.85	156.71	155.81	198.29	139.82	120.00
Singapore (28)	155.90	+2.0	146.47	140.53	+2.1	3.14	152.82	143.54	137.58	170.62	124.57	120.97
South Africa (60)	156.03	+1.2	146.60	135.88	+1.2	4.12	154.17	140.54	134.26	180.24	124.59	119.77
Spain (43)	159.32	+0.6	149.88	140.91	+0.7	3.71	158.03	148.43	139.96	169.75	143.14	148.88
Sweden (55)	171.01	+1.6	160.67	162.29	+1.4	2.11	173.74	163.18	164.54	188.54	138.45	130.82
Switzerland (64)	86.85	+0.2	81.41	86.73	+0.3	2.16	86.78	81.82	86.47	94.16	87.81	87.25
United Kingdom (306)	138.54	+1.4	130.16	130.18	+1.4	4.67	138.95	128.35	129.35	158.41	135.26	137.82
USA (548)	138.19	+1.5	129.83	138.16	+1.5	3.34	138.12	127.85	136.12	148.29	112.13	113.82
Europe (998)	122.52	+0.7	115.11	116.43	+0.8	3.60	121.62	114.28	115.41	132.95	112.63	114.06
Nordic (121)	185.14	+0.4	155.15	151.70	+0.3	1.88	185.76	155.89	152.22	178.38	137.95	125.58
Pacific Basin (62)	183.12	+0.6	175.25	165.25	+0.7	0.72	182.63	171.53	164.14	194.72	160.44	170.25
Euro-Pacific (1655)	158.94	+0.4	149.33	145.73	+0.7	1.92	158.26	149.87	144.95	186.99	141.98	147.80
North America (668)	138.73	+1.5	130.24	137.47	+1.5	3.34	138.71	128.40	135.47	148.88	112.79	114.23
Europe Ex. UK (690)	111.74	+0.3	104.98	107.81	+0.5	2.67	111.40	104.88	107.35	118.51	86.30	96.27
Pacific Ex. Japan (14)	131.38	+0.1	123.33	117.73	+1.1	4.81	129.87	122.07	118.40	140.05	111.99	125.16
World Ex. US (1820)	158.65	+0.4	148.06	145.23	+0.7	1.70	157.96	148.36	144.16	195.33	141.48	143.25
World Ex. UK (2100)	151.48	+0.7	142.32	144.08	+1.0	2.01	150.39	141.24	142.70	181.04	138.88	135.63
World Ex. So. Am. (2546)	150.26	+0.8	141.18	142.80	+1.0	2.22	149.10	140.04	141.40	155.82	138.87	134.02
World Ex. Japan (1851)	132.65	+1.2	123.83	128.24	+1.2	3.50	131.09	123.12	127.66	140.43	116.51	114.67
The World Index (2406)	150.30	+0.8	141.21	142.75	+1.0	2.23	149.18	140.07	141.35	155.89	136.58	133.89

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Constituent change: 31/10/89: Name change: Ned Middenstandsbank to NMB Postbank (Netherlands).

Career Choice

TWO - PART COMPREHENSIVE GUIDE TO GRADUATE OPPORTUNITIES



■ Weighing career options ■ How to assess yourself ■ Trends in pay ■ Money isn't everything ■ Spotting a mad employer ■ What to do about discrimination ■ How to dress ■ Hidden agendas ■ Mature

students ■ Around the regions ■ Play the Milk Round game ■ Start your own business ■ Perks to press for ■ Working abroad and languages ■ Interview technique ■ Employers' tests and how to cheat

Section 1: Choosing a career. Section 2: A complete A to Z guide to graduate opportunities



Un Dimanche d'Été à l'Île de la Grande Jatte (Detail), SEURAT. With permission of The Art Institute of Chicago.

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INTRODUCTION

Benefit from the move to brain-power

By David Thomas

The power of the market has shifted. For the first time in well over a decade, students are in a stronger bargaining position than employers in the jobs market.

At the start of the 1980s unemployment among new graduates was rising sharply and even the best qualified were applying to many employers to be certain of finding a job. As the 1980s draw to a close, the position is reversed: employers are becoming the anxious party at the interviewing table, worried about finding their quota of well-qualified young people.

This reversal in roles has been fed both by the economic boom in the second half of the 1980s and by structural changes in the nature of the British economy - the move away from labour-intensive towards brain-intensive occupations. The graduate labour market is set to become tighter still in the 1990s, as the well-documented decline in the numbers of young people begins to take effect.

Under these circumstances, today's students have a freedom denied to previous generations of university and polytechnic graduates. They can afford to be more discriminating about their choice of employment. They can question closely potential employers not just about pay, but about promotion prospects, training, chances to work overseas - or whatever is uppermost in their minds.

The Financial Times is publishing this survey of graduate recruitment in order to help with these choices. For although the market has swung in favour of the new graduate, choosing the right job is still a complex business, fraught with both pitfalls and opportunities.

Some industries have rosy prospects; others are in long-term decline. Some sectors are bombarded with high-quality applications; others are desperate to attract graduates. Some companies lay on excellent graduate training schemes; others treat new graduates as creatures from another planet.

The FT is in a better position than any other British newspaper to guide undergraduates through this maze. It has an unrivalled spread of industry specialists who write about almost every sector of the British economy, from accountancy to textiles, from advertising to teaching. They supplement their daily coverage of the main news stories with the FT tradition of regular in-depth analysis of the underlying trends in their sectors.

In section two of this survey, the A-Z of graduate opportunities, the FT's specialist writers describe their sectors from the viewpoint of students contemplating their first career. Our writers' brief was to ignore the mountains of glossy public relations hand-outs with which students are deluged. They have set out to assess in a detached way the strengths and weaknesses of the career paths on offer.

This first section, on choosing a career, looks at the issues of a more general nature that are raised during the job-hunting process. Some articles, like those on graduate pay or on female graduate employment, discuss trends across the whole economy. Others, such as the pieces on interviewing technique or on using your first job as a springboard for higher things, offer practical advice.

The graduate labour market is likely to become increasingly international, as companies throughout Europe prepare for the completion of the internal market in 1992 and as employers in other countries react to the almost Europe-wide decline in young people. There are already signs of the first moves in cross-border graduate recruitment. Some of the FT's main foreign bureaux have contributed articles to section one, maintaining the FT tradition of considering issues in an international context wherever possible.

Many students may not be aware of how much the FT has diversified its coverage over the years from its traditional base as a financial newspaper. They may not realise, for instance, the depth of its foreign reporting, backed up by a much larger corps of foreign correspondents than that employed by any other British newspaper. Many people are surprised by the extent of the FT's coverage of wider political and social topics. For this reason, a four-page guide to the FT is to be found in the centre pages of this first section.

At the end of the day, however, even a graduate recruitment survey on this scale can act only as a taster to the sort of queries which a student may have about a prospective career. Students should look to their careers offices for further information.



Your brilliant career isn't going to revolve round watching the clock

SELF-ASSESSMENT

Suit yourself to a career

Paul Abrahams on jobs, happiness and the meaning of life

MOST people choose a career and then find themselves bored out of their minds.

Admittedly, having a degree does help in tracking down the more interesting jobs - but not a lot. One in four graduates say they're under-employed. Many spend the day watching the hands of the clock to see how much longer they have to stay at work. They loathe Mondays and hail Friday evenings, live at the weekends and are dead five days a week.

One reason for this is that many graduates chose the wrong occupations. A recent survey by Research Surveys of Great Britain for the Post Office showed that 43 per cent of students believe they will compromise their career ambitions and choose something they don't want to do.

Others choose the wrong companies. Organisational cultures differ considerably. And the enormous number of companies doesn't help sort the good ones from rest. According to Dun and Bradstreet, the credit agency, there are 1.8m companies in the UK alone.

For British graduates, many of whom have taken non-vocational degrees and are expecting to receive professional training after graduation, the range of careers and jobs can be especially bewildering.

The first step in deciding which career path to take depends upon assessing your skills and talents, strengths and weaknesses, what you enjoy and what you don't enjoy and finally deciding what sort of life you want to lead. In theory, this process is best carried out during your second year, when the pressure of finals isn't looming.

One way of assessing your-

The problem is being honest about one's strengths and weaknesses

self is to use one of the computer programmes such as Gradscope, Cascaid and Prospect. Some people have found these little better than low-level Dungeons and Dragons. The main danger is that the questions are answered lightly, but that the respondent then expects a serious answer to the meaning of life once the computer has run the data. If nothing else, the exercise may concentrate the mind.

If you decide not to use the computer, it's worth considering what you enjoy about your studies and why. If you can identify these factors, you could try to match these with potential careers. If you can find a job that you enjoy doing, the likelihood is that you will do it better than a boring one. What's more, if you do your job better, you are more likely to enjoy it.

It's also worth identifying the skills you have acquired during your academic studies. Write them down and illustrate them with examples. Do you

enjoy researching projects on your own and can you motivate yourself for term papers?

On the other hand, you need to list which parts of your studies you least like and why. If you dislike seminars because you don't enjoy speaking in public to other people, what does that imply? Finally, think about which parts of your studies you did least well at and why.

You also need to list outside interests. Some of the skills you learnt organising that disastrous freshers' disco may actually be useful. Not least, you could use the event to demonstrate how you learn from your mistakes. Try and

Parents tend to be attracted to the idea of a stable career

find activities where you have taken responsibility.

Finally, list your previous work experience. What did those six weeks in a Wimpey show you other than that a diet of free hamburgers can eventually give you spots? Was the organisation well managed? Did they listen to their workforce and did they respond to their suggestions? What did you learn about yourself?

Finally, it's worth thinking about what sort of life you want to lead and what's important to you. Do you want to earn a great deal of money, feel that you contribute to society by caring for others, travel abroad or work regular hours. Is it important to you if you become part of a large organisation or a small one? All of these choices will help narrow down the options.

The main problem is being honest with oneself. People tend to choose careers not only because of what they want to do, but because of what other people think they ought to do.

Not least, there are fashions among students. Fifteen years ago many students wanted to work as researchers for trade unions, later it was the media, then the City was seen as attractive. Now, since the stock market crash, career advisers say management consultancy is seen as one of the most desirable options. Pressure from peers can be considerable and influence career choice.

Research recently carried out by Peat Marwick McLintock, one of the UK's largest graduate recruiters, suggests that, apart from employers' recruitment brochures, the opinions of family and friends ranked highest in influencing graduates' career choices. It's worth remembering that parents tend to be attracted to the idea of a stable career, preferably with professional qualifications attached. While this isn't necessarily a bad idea, it's certainly not the only option available now that the job market is more flexible.

Whatever your decision, it's not irreversible. After a year or two in employment any individual will have a better idea of what working is like, as well as his or her weaknesses. The way the job market is likely to move - excessive demand for the supply of graduates - means there should be less difficulty changing directions than there used to be.

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Design & Art Direction: Andrew Chappin, Philip Hunt
Editorial production: Diane Summers, Marian Edmunds
Photography: Tony Andrews, Ashley Ashwood, Glyn Genin, Alan Harper, Trevor Humphries, Terry Kirk, Lydia van der Meer
Cover illustrations: Jeff Fisher
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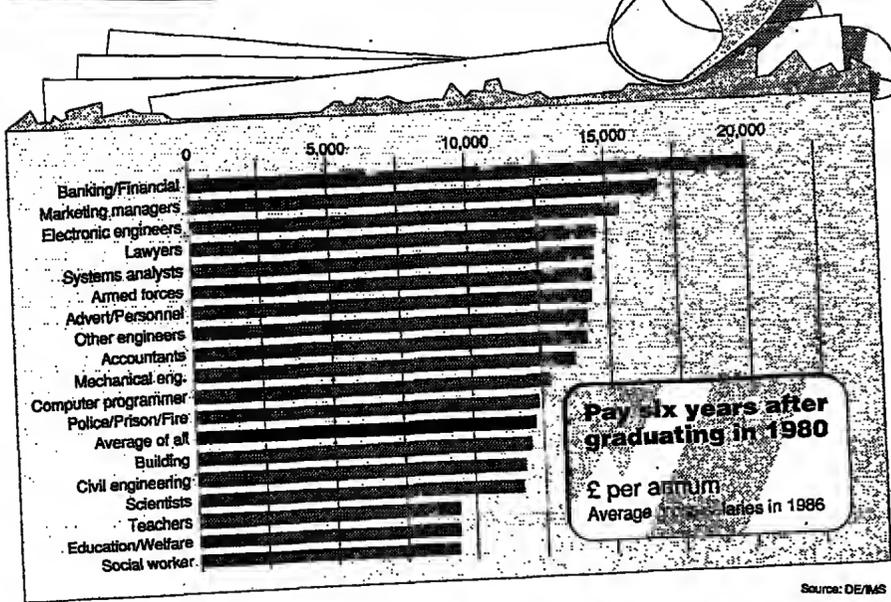
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BRITISH AIRWAYS



PAY TRENDS

An illusion of untold wealth

David Thomas examines starting salary structures

LOOKED at from the perspective of a student grant, almost any salary on offer for full-time work after graduation seems like untold wealth. Many new graduates do not wake up from the honeymoon period of having money to play with for a year or so. It is then that they begin to wonder about the exact size of their pay packet - and, just as important, that of other people's. It may be even longer before they begin to suspect that their chosen career leaves something to be desired, at least from a financial angle. For graduate pay levels are a bit like the college beer they take a while to settle. Your bank manager will become acutely aware of the financial implications of your career choice only after you have been treading the jobs path for a few years. Idealistic reasons for choosing a career may seem over-powering when you are chewing the future over in the college bar. They can wear a little thin in five years time

when the college nerd over-takes your ageing Fiesta in his Ferrari. There is, of course, some variation in the salaries available to graduates immediately on leaving college. The average is about £10,250 this year, but jobs in parts of the financial sector, in some areas of electronics and computing and in the more exclusive reaches of management consultancy tend to command an immediate premium, as do most openings in the City. Throughout most of the 1980s, according to data collected by the Institute of Manpower Studies at Sussex University, jobs requiring engineering qualifications have commanded higher average starting salaries than those requiring scientific degrees, which have in turn paid more than those open to graduates of any discipline. But the pack really sorts itself out only when graduates have been in their posts for a few years, as a recent study by the Department of Employment

shows. By 1986, six years after graduating, average salaries in the highest paying sector, banking and finance, were over £20,000, more than double the average pay of those who had chosen to be teachers, nurses, social workers or librarians. The salaries of the 1980 graduates at the bottom of the pay heap were only just above the £8,000 mark, which was the average starting pay of all new graduates in 1986. Still unclear is the impact of the increasing competition among big employers for graduates on the graduate pay structure. There are some straws in the wind. Those employers whose demand for graduates has grown most in the 1980s, like the accountants and others in the financial sector, have tended to increase their graduate pay rates more quickly than sectors such as manufacturing. There are also some signs of a stretching of pay differentials at both ends. Last

year, when average starting salaries were £9,300, the top tenth were paid more than £11,500, while the bottom tenth were paid less than £8,400. Surprisingly, however, there is as yet little evidence that the competition for graduates is hoisting graduate pay across-the-board disproportionately. True, initial graduate pay has tended to increase each year by more than inflation, but then so have most salaries. Graduate salaries have not changed their relative position to those of other non-manual workers at all in the second half of the 1980s. Some employers, even in parts of the public sector like teaching, are beginning to offer packages to tempt new graduates such as help with relocation or housing. This could herald the outbreak of a competitive war among employers that will result in the hiding up of graduate salaries generally in the 1990s. Information on salaries in individual sectors is given in Section Two of this survey.

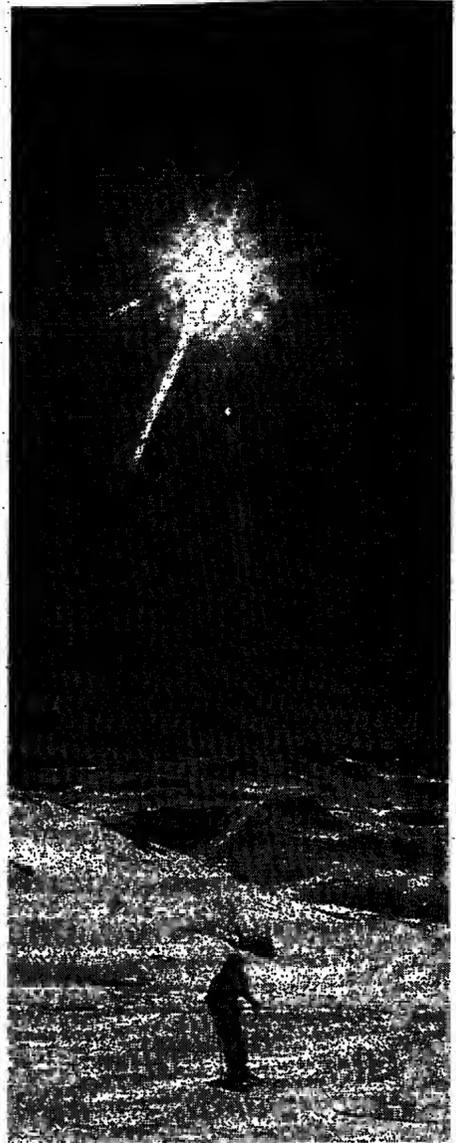
DEFERRING DECISIONS

Productive time out

Paul Abrahams on how best to put off the inevitable

I MEAN, why not put off the whole messy business? After all, it's a sellers' market, the jobs aren't going to disappear. And the recruitment process isn't exactly one of those 0 to 60 mph in 5 seconds experiences - all those presentations, interviews, trips down to London and weekend assessments with you wrestling to wield your teaspoon properly and not drinking too much free alcohol, or at least not too much. It takes up time and it's exhausting. So why not put off the whole thing until after the exams or even next year? Well, if you do put off the fateful day you won't be alone. By the end of 1988, about 12 per cent of last year's graduates in England, Wales and Northern Ireland were unemployed or had only a temporary job. Many had deliberately decided to take a year out. At Cambridge, the percentage of graduates taking time out increased from just under four per cent in 1984 to nine per cent in 1988. It's hardly surprising that so many graduates take time out: it's an attractive option. Spending a season skiing in the Alps - and actually getting paid for it - or going off to explore South East Asia while you discover what you want to do, does appear rather more interesting than grabbing the first job that comes along. But, as with most attractive ideas, there's a downside. Ruth Smith, one of the career advisers at Cambridge, warns that those taking time out don't find it any easier to make up their minds. And, more significantly, it can be difficult to re-enter the job market. Although some companies recruit all the year round rather than just using the Milk Round, many will have filled their vacancies by the summer. What's more,

many personnel managers will be - sometimes justifiably - suspicious of applicants who have spent a year apparently doing very little. There are ways, however, of increasing your chances of finding a job after going away. These include:
 ■ Doing something during your time off that will impress the company. This can be something directly or marginally relevant to the sector you want to enter.
 ■ Write to some companies after graduation but before you go away. Ruth Smith explains there is a danger that on returning from your travels, you'll be broke. Making cold-calls while the bank-manager has stopped sending polite letters and started sending rude ones can be more than dispiriting. It can pressure you into making the wrong decision.
 ■ Ask for a pre-interview chat. The personnel manager will probably understand that you might want some time away. When your CV arrives on his or her desk nine months later it will stand out rather than having to compete with the others. Remember to mention your previous meeting in the covering letter.
 ■ Ask about the possibilities of a deferred entry. Some companies with a large annual entry of graduates will offer a position 12 months later.
 "The important thing to remember is that if you shelve the job but because exams are looming, you don't shelve looking at careers in general at the same time," says a careers adviser at Bristol University.
 "The temptation is to be galvanised into inactivity and put to put your head in the sand and hope that, as time passes, a decision will be made for you. It won't."



Options: Slipping off for a season in the snow-fields

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MONEY ISN'T EVERYTHING

Lifestyle is important, too

Paul Abrahams evaluates life in and out of the capital

LONDON is all about stress and sweaty arm-pits. But it also has the added attractions of offering cramped and smelly tube trains and the opportunity to sit in traffic jams on the Mile End Road. When compared to the possibilities of driving to work in 10 minutes through the pleasant countryside, strolling to the local corner shop for essentials and being able to enjoy country walks, there is no contest. "Moving down to London presents a whole series of problems," warns Barbara Graham, deputy director of the careers service at Strathclyde University. "Not least is the culture shock of the faster pace of life. The grime of the commuter scene is a real disincentive."

Some students who have attended a college near home also find the move to the south-east difficult because it involves leaving friends and family. But the most important disin-

centive is financial, Barbara Graham explains. Although salaries in the south-east are often higher than those elsewhere, they seldom fully compensate the higher cost of living there. "The real fear is not being able to afford accommodation," she says. "Or at least that the level of accommodation they will be able to afford will be dreadful. One of our students recently came back from London because after two years he was still in a bed-sit."

Most graduates try and buy a home within a couple of years, says Gary Marsh, manager in charge of the planning and research department at the Halifax Building Society. The cost of doing that in the south-east is almost prohibitive. Although house prices have risen outside the south-east, they are still far below those near London. For example, the Halifax estimates that the average price of a terraced

house in the north of England in June this year was £29,992, while the average loan was about £24,000. In contrast, the price of the same house in Greater London was £37,231 and the average loan was £71,530. At present mortgage rates that figure is beyond a single income graduate. Disposable income can be higher for graduates outside the south-east, even though salaries are lower. Barbara Graham says that some graduates from Strathclyde have returned to Glasgow from London and accepted salary cuts of several thousand pounds, yet found their standard of living improved. Some were also able to buy their own homes - something that had been impossible in London.

There are sacrifices to be made, however, by forsaking London. The diversity of activities and concentration of experiences in the capital are far greater than anywhere else in

the country. Although cinema, theatre, opera, the ballet and museums and unusual restaurants can be found outside London, it is often necessary to travel considerable distances to find them. "The most important benefit of living in London, however, is the work. For many sectors, such as publishing, it is one of the few places where there is any activity at all. "Many people want to work locally, but know that their home towns have high unemployment rates," says Barbara Graham. "Although there are shortages of applicants for public sector jobs in the south, there are fully-trained people in Scotland who can't find a job. In the end, heading south can become a necessity."

One option, she suggests, is to move down to London to work for a few years and then use that experience to find employment in a more desirable location later.

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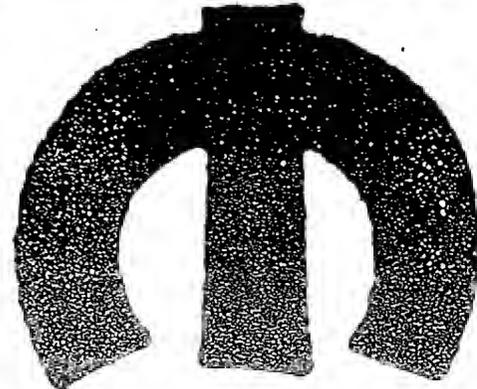


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EQUITABLE

SPOTTING A GOOD EMPLOYER

The art of bagging the perfect boss

Paul Abrahams suggests some techniques

SO YOU decided in the end not to be a chicken-sexer. Well, I can understand the longer-term career prospects are limited. And you decided to be a taxidermist. Handling animals, working both indoors and outdoors, skilled profession - seems ideal.

But which firm of taxidermists do you want to work with? It's a significant decision - and let's be honest, even with all those glossy brochures to help you, not an easy one to make. There's all too often a world of difference between the promises made by companies and the reality of the job.

Of course, you could have helped yourself if you'd considered taxidermy earlier. Most companies in most sectors are now offering the opportunities of work experience or work shadowing.

You could have actually spent time at different taxidermists, seen whether taxidermy was for you and what sort of working environment they offered.

You're in a hurry then. You've got to pay off the overdraft. Your bank manager, Mr Tough, is being politely threatening. You need a job quick.

But before you sign your name on the contract, there are some places you can find some objective advice.

It's not true that to get on in taxidermy you need contacts, but, like a lot of professions, it helps. Your father's been President of the Royal Society of Stuffers? Well that'll be useful, but, let's admit it, he won't be too objective.

But you don't have to have family contacts. You can create them for yourself. Most Careers' Services have files on companies. Some have lists of people who have joined them. It's always surprising how helpful busy people can be. Just write a brief letter, explain your aspirations and

say you'll ring in a few days. The worst they can do is say get lost and the best that can happen is that for, the price of a phone call, you avoid making a ghastly mistake. You might even get a free lunch.

You can also use the interview process to see if Acme Taxidermists Inc are good employers. Remember that, like many sectors now, the demand for raw graduate taxidermists - to work in the industry, rather than to be practised upon - is far greater than the supply. You are interviewing the company as much as the company is interviewing you.

Be prepared - that's the wise taxidermist's solemn

You can find some objective advice before you sign the contract

creed. Read the financial pages of the newspapers - if it's pink you might impress the interviewers - and, if possible, some of the trade press. Ring up the company for some copies of their in-house magazine. What is happening to the taxidermist's market? Is demand for their services and products increasing?

Remember to ask if the company is on a sure financial footing and what problems it faces - there's no point joining a company that's in difficulties. If the company is expanding, does that offer you, as a trainee, opportunities for accelerated promotion and responsibility? What will be the effect of 1992 - does it mean a flood of French taxidermists will buy up companies in the fragmented British market?

Most importantly, ask the company about its graduate

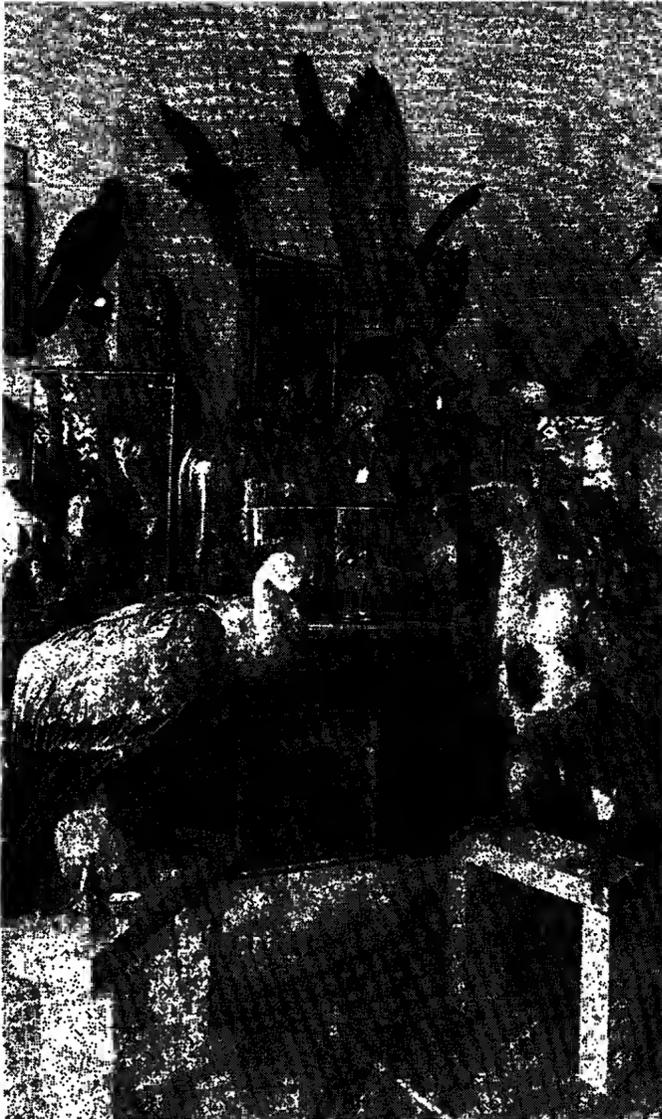
retention rate. What proportion of its graduate trainees leave after, say, two and five years? How does that compare to other companies in the sector? If the company is losing 50 per cent in two years, ask why.

What else is there to look for in a company? Well, the authors of a recent book, called The 100 Best Companies to Work for in the UK, said they were looking for a combination of factors. They included:

- Pay and sponsorship through professional examinations.
- Benefits, such as subsidised mortgages, share option schemes, staff discount programmes, sports facilities and holidays. It may appal you, but it might be worth asking about the pension scheme. Yes, I know, pensions only become interesting when you retire. But it is worth asking whether Acme Taxidermists Inc pays contributions as large as Get Stuffed UK Ltd.
- Promotion. What is the speed you are likely to rise to in the company? Are there equal opportunities for women beyond the legal requirements? Can they actually demonstrate that women are reaching managerial positions?
- Training. How seriously does the company take training. Does it encourage people to learn languages? After all, a recent survey showed that only 4 per cent of UK taxidermists speak a foreign language.
- An attractive environment and good communications between the company and employees.

Finally, when you've spent some time at the company of your choice, don't forget to get in touch with the careers' service. You might be able to help others wanting to join the profession.

■ The 100 Best Companies to Work For in the UK, Fontana paperback, £5.95.



So you want to be a taxidermist. It is worth your while to ask questions. Is the demand for products and taxidermy services increasing? What will be the effect of 1992?

WORK EXPERIENCE

Nice work, if you can get it

Paul Abrahams recommends a vacation in the shade



Where the town meets the gown: shadow schemes

STUDENTS don't need telling that work during vacations is a financial necessity. The National Union of Students estimates that the real value of grants has declined 21.3 per cent since 1979 and that, at graduation, a student's average overdraft is £341.

It's hardly surprising that 59 per cent of students take vacation jobs, working on average for 7.6 weeks each summer. The extra cash pleases the bank manager and can help pay for a trip abroad.

But vacation work can be more than two weeks at the Post Office over Christmas and six weeks cleaning the broiler

at a McDonald's. It can play a significant part in helping you choose a career. And once you've chosen what you want to do, the work experience can improve your chances of getting a job with the company you want. For example, 40 per cent of Marks and Spencers' graduate trainees have worked at the company or have had work experience attachments. Obtaining work experience with leading UK companies is becoming easier. Marks and Spencer has more than doubled the attachments it offers over the past five years.

Personnel managers like Continued on p7

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Continued from p6

BUILDING FOUNDATIONS

Jobs on trial

John Arlidge on holiday posts



them because they offer a far better opportunity to look at potential recruits than traditional interviews. They also think that attachments create realistic expectations of what the job might entail. This means that fewer trainees leave the company early because they find the job less glamorous than expected.

Admittedly the pay offered on work attachments is often poor, although one firm of solicitors in the City was offering £140 a week last summer. Accommodation can also be a problem.

Nevertheless, there are considerable advantages to work experience. Not least, it can help avoid ghastly mistakes. It's far better to discover that accountancy isn't what you want to do through work experience, rather than during your third week at Scribble, Scribble, Count and Squeeze, chartered accountants.

Once you've decided on the career you want, work experience can also help you find a job. In highly competitive areas such as management consultancy, the media and advertising, work experience can make all the difference.

The experience offered by work attachments is varied. Some companies offer highly structured business courses during Christmas and Summer vacations. These can include presentations, seminars, case studies and business games.

It's worth talking to people early on during the academic year to find out which are useful and which aren't. And apply early. Many courses have closing dates early in November for those during the Christmas vacations, while some during the summer stop taking applications in June.

One alternative to work experience is work-shadowing. These schemes attempt to avoid the graduate being an office assistant - not experienced enough to contribute to the company, but likely to become bored with what he is given to do.

Work-shadowing involves spending a week or two with a senior manager, acting as a fly on the wall and attending all his or her meetings. The system is especially popular among the accountants. Experiences differ. Some managers take their responsibilities seriously and make efforts to involve the shadow.

DEMOGRAPHIC changes have given graduates greater power in the job market. But it is not a single market and certain sectors remain highly competitive. In advertising, law, management consultancy and the media, a growing number of students are arranging work experience in an attempt to boost their chances of finding employment.

For some, holiday placements are part of the decision making process. In July, Suen Yan Leung, 22, an Edinburgh law undergraduate, joined the new work shadow programme at Arthur Andersen, the management consultants, before spending seven weeks with commercial law solicitors in Britain and West Germany.

"I'm looking at options. I don't want to commit myself yet. I'm very positive about management consultancy but I'm also considering commercial law in Hong Kong or an MA in international relations," he says. "Sitting around saying 'I might apply' is useless. Building the foundation to your career is as important as choosing your university course. You owe it to yourself and your employer to make an informed choice," he said.

For those who have made a firm career decision, vacation posts can pay great dividends. In July, a third-year Oxford law student, Toby Landau, 22, began one of six assessed "mini pupilages" at a leading

commercial chambers in the Middle Temples. Four weeks later he left with a £14,000 scholarship, a year five pupilage after his school and, almost certainly, a tenancy. The offer is believed to be the first of its kind in Britain.

He says: "This has put me way ahead of the field. Everyone else will be competing for pupilages until after finals and then they'll have to fight for a tenancy. The advantage I've had is that I've always known what I wanted to do. I knew I didn't want to do criminal or

Connecting with work schemes

Most career services keep details about companies offering work experience. Alesec also runs a scheme offering work experience overseas and last year sent 250 people. Next year it hopes to send more than 300, some for more than a year. Alesec, Dawn Halliwell, UKIN House, Phipp Street, London EC2A 4NR. 01-739 9847.

The Student Industrial Society is launching a shadow scheme this year and hopes to place about 500 people for a week each. Write to Amanda Knight, Student Industrial Society, 17-23 Southampton Row, London WC1B 5HA. 01-831 8388.

common law so, effectively, the decision was easy. Now I've got both feet in the door."

Typically, work experience involves shadowing senior personnel. However, a growing number of employers are offering unpaid, hands-on training. Most students arrange placements by studying the appropriate trade directory and mailing off CVs and covering letters. A few, however, use family connections. "I thought advertising was a fun, glamorous thing to do," says York undergraduate, Theresa Simon, "so I got Dad to get me a job in it." The 21-year-old English finalist has completed two internships at BSE Dorland, a subsidiary of Saatchi and Saatchi. Although working on the company's Austin Rover, Pedigree Chum and Unipart accounts has confirmed her choice, she fears that when it comes to applying for a full-time job, her experience may be a disadvantage.

"In a way it's slightly worse because you're being interviewed by people you know. They're likely to take a hard line and think 'She's only got here because of her dad'. They might think I won't let her in because it's unfair."

A number of students supplement vocational courses with work experience. While studying for a certificate in radio journalism at the Polytechnic of Central London, Saghir Ahmed, aged 31, wrote to the BBC. In February he took time off the course to join Radio 4's The World Tonight as an assistant producer before going on to research features for Greater London Radio's Tommy Vance Show and You And Yours.

He says: "The course was rather theoretical. I felt I could have left after the first term. You were in a classroom situation meeting artificial deadlines set by your tutor. Working in a newsroom has given me the confidence to report and produce. I can now make editorial decisions - 'Cut there. Cut there. Cut there' - much faster. It's invaluable."

A full-time job at Broadcasting House will now be easier to find. "The work will stand me in good stead. Without it, I would have just been another name in a very big pile of hopefuls." He rejects the argument that work experience is for the precocious rather than the talented. "As a journalist you have to be pushy. You have to want to do the job."

ORGANISATIONAL MANIAS

You don't have to be mad

Michael Dixon on how to detect a sane employer

PEOPLE visiting organisations will usually see a certain printed message pinned up by at least one employee's desk or machine. It reads: "You don't have to be mad to work here, but it helps."

While it probably describes life in the company more accurately than the formal organisation chart on its executives' walls, some management researchers believe that the message does not tell the whole truth. To do that, in their view, it would probably need to read: "You do have to be mad to work here, but it doesn't help."

The reason is twofold. First, people wishing for a tolerable, let alone successful, career must usually conform to their organisation's habitual way of doing things. Second, many, if not most, employing concerns have habits enough to excite any head-shrinker even though they bode ill for recruits, existing staff, customers and owners alike.

Happily, even job-seekers who have never been employed before can learn to detect organisational manias in advance. The necessary guide has been provided by Drs Manfred Kets de Vries and Danny Miller who are well placed to judge such matters.

Besides teaching management in international business schools and carrying out studies in numerous assorted organisations, both have deep interests in psychoanalysis.

Their findings so far are not as alarming as might have been the case. For none of the concerns they have examined has qualified for instant straitjacketing. What they were suffering from was not spectacular psychotic disorders, but merely the neurotic sort. (To illustrate the difference: psychotics know the earth is flat; neurotics think it is curved but can't stop worrying about it.)

Even so job-seekers would do well to note the symptoms so they can identify the main forms of lesser ailments before committing themselves. The reason is that organisational neuroses seem to be so widespread that there is little chance of finding a fully sane employing concern. The good news, the two researchers say, is that the insane variety can still be highly successful - always provided that the collective mania consists of a mix-

ture of highly varied neuroses among individual managers.

The rot apparently sets in only when power is held by a single lunatic, or by a caucus of executives all with the same disorder. Then, given top people's propensity for appointing lieutenants uniformly misshaped in their own mould, the whole caboodle is prone to domination by one strongly concentrated nuttiness. Five types thereof are prominent, being recognisable as follows:

■ One is the "paranoid" organisation run by a kernel of executives convinced that everyone is out to get them. The symptoms include a jealous hoarding of power at the top, reinforced by superbly engineered systems of vigilance

tently proved they can do well, which can be a big strength when trade conditions and the like are stable. The drawback is that they are easily shattered by change in markets, technology and so on because their rigid structures leave no room for individual initiative.

■ Change is even more a bugbear to the "depressive" concern. Its rulers have totally surrendered their initiative to the company system. Accordingly they would write off as stupid anyone who suggested that they could - not to mention should - do anything but maintain the efficient running of the machinery according to precedent.

Since depressives need protective conditions to survive,

dinate faction happens to command the chiefs' ears at the time. Because the political ascendancy often swaps hands, the organisation is prone to sudden changes of direction which prevent any consistent development.

■ Last of the five kinds are "dramatic" concerns. They are typically ruled by an all-powerful chief, frequently an entrepreneur, who is not just decisive but always right. Having no choice but to agree, subordinates do not bother to keep much of a watch on what might seem to be going on in the world around the company.

Nor do they bother to pass upwards, or even discuss among themselves, any evidence which might interrupt the big boss's free flow of flair. Their only duties are to act on the decisions handed down - characterised by being usually bold and expansive, and often mutually contradictory - to lead the world's applause for their chief, and to hope bravely for the best.

They are wise to do so because if ever the dramatic chief (an alternative term is "charismatic leader") reveals human frailty by dying or the like, the organisation's dominant mania is most likely to change to the depressive variety almost overnight.

Indeed, the trouble with each of the five types of concentrated neurotic outfits is that if their prevailing daftness does not lead them to go bust altogether, they seem to have little prospect of getting rid of it - except by swapping it for another sort.

Trying to remedy such disorders by super-imposing rational styles of management is evidently rarely successful. As the two researchers say: "Rational solutions work only with rational people", who do not include neurotics.

So the wise course for job-seekers would be to avoid investing at least their long-run career hopes in any apparently uniformly demented concern, especially if its pet insanity coincides with their own. The best bet is to seek an organisation run by a well-mixed bunch of managerial bananas, which should be stimulating to work for if nothing else.

■ The Neuritic Organisation. Janssey-Bass Publishers, 1984. £19.95.



Concentrated nuttiness may dominate the whole caboodle

and control over subordinates.

A strength is that such executives are even more distrustful of outsiders than they are of their underlings and one another. They therefore work well enough together to see that their company swiftly detects and counters suspicious moves not just by competitors, but by customers.

■ "Compulsive" organisations are marked not only by detailed controls over staff but also by minutely specified planning. That is because their managements are obsessed with ruling out all possibilities of being surprised. Employees, whose powers and rewards are determined by position in the pecking-order, are looked down on not as enemy agents but as reckless fools who must be prevented from taking unscheduled action.

Such organisations focus on doing what they have consi-

what ingenuity they possess tends to be devoted largely to political machinations intended to defend their preserves. Prime examples, although far from the only ones, are governmental and other bureaucracies cushioned against having to please their customers.

■ Next come "schizoid" organisations whose top managements see the rest of the world as made up entirely of frustrating things, the worst of the lot being other people. To save themselves from inevitable disappointments they shy away from commitment to any strategy and stand aloof from the everyday running of affairs.

Into the gap leap feverishly politicking second-tier executives, and what is decided at the top then depends mainly on the special interests of whichever immediately snor-

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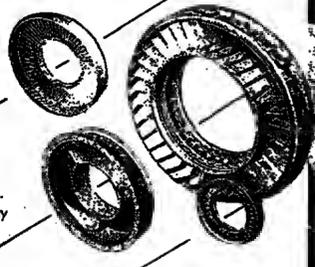
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CLIMBING THE LADDER

No clear route to top management

Michael Dixon explores some common myths

IT IS A fair bet that the most popular career aim among ambitious members of Britain's rising generations is to be a top manager. Anyone doubting it need only look at applications for degree courses, which show a greater demand for studies focusing on management than for any other subject.

Elsewhere, too, the job of managing has risen quickly in social esteem. Even in Scandinavia and West Germany, where it was hitherto regarded merely as an adjunct to professional work such as engineering, it is now increasingly viewed as a profession in its own right.

Ironically, however, anyone leaving education with the idea that management is a clear-cut activity is likely to end up bemused if not bedevilled. For the trend of thought among experienced managers is running in the opposite direction. It is true that numerous executives, especially in big bureaucratic organisations, still believe that management consists essentially of knowledge of principles and procedures which can be successfully applied anywhere.

But in companies more vulnerable to the uncertainty imposed by sharpening competition allied to advancing technology, managers are less and less confident that what works well where they are today is sure to do so in the same place

tomorrow, let alone in a different setting.

Their doubt is reinforced by business school studies suggesting that the truly professional manager, equipped to run virtually any organisation in whatever circumstances, is a mythical creature. Another notion apparently destined for the realm of unicorns is that managerial success depends entirely on the wit, application and enterprise of the individual pursuing it.

One management don involved in waving the notion on its way is Dr Hugh Gunz, who has just left Manchester Business School for Toronto University. His interest in the dynamics of managerial careers began with personal experience when, having graduated as a technologist, he arrived on the first rung of the executive ladder in a multinational petrochemicals company.

Being ambitious, he set out to discover which kinds of action led to success. His finding was that, while there seemed to be no consistent pointers to what he should do to win promotion, it was pretty clear what he shouldn't. As he said: "So far as I could tell, the more I got to know about the detail of whatever it was I was responsible for, the less likely it was that I would be selected to join the elite group headed for top careers."

His later research on execu-

tive-career patterns has shown that his early impression was right. Managers can, indeed, be handicapped by a close understanding of what they are managing. But the position is more complicated than he ever suspected when he first discovered that puzzling principle.

First, it does not hold true in all organisations. Second, even in those where it operates, it does not apply to all of their managers. Third, even for those to whom it does apply, it does not hold true at every stage of their career.

In short, the route to the executive heights is not only tortuous, but often discontinuous. He none the less feels confident in drawing some general conclusions, the first of which is especially germane to ambitious people considering their first jobs. It is that success in managerial careers does not depend entirely on the qualities and efforts of individual aspirants. On the contrary, how they progress is importantly influenced by the organisations they join.

The reason is that, however many ways of advancing a career may exist in the world at large, there are only a limited number in any one employing concern. Dr Gunz likens the particular sets available in different organisations to children's climbing frames, each of which offers only a restricted range of routes. What is more, of those exist-



A manager of the future sets out on a 'command-centred' career frame

ing in a specific organisation, one will be dominant in providing the way to the top for markedly more of the people who reach it than any of the others. As such, the dominant route will not only be seen by most up-and-coming staff as the best means to fulfil their ambitions, but conditions them to believe that the kinds of managerial action leading to advancement by that route are the "right" way to manage.

Another broad conclusion of the research is that, in Britain and America at least, the dominant climbing frames come in four varieties. They are, respectively, the "evolutionary, the command-centred, the con-

structional, and the turnaround" patterns. Each has its own characteristics by which job-seekers may identify the dominant route in organisations they are considering joining.

However, identifying the patterns calls for a good deal of investigative effort. They are unlikely to be revealed accurately by company interviewers' explanations to questions from the potential employee. Nor can they surely be inferred from the sketches of what has happened to graduates who joined previously. The staff chosen to star in the publicity will typically not be typical. Job-seekers' best prospect of

identifying the patterns really prevailing in a company lies in personally contacting present or fairly recently departed employees and sounding their views at first-hand - which inevitably involves leg-work. Each climbing frame has drawbacks as well as advantages. Experience concentrated in the evolutionary and command-centred moulds, for instance, has a poor chance of being seen by recruiters as a qualification for upward moves into other kinds of organisations.

The main disadvantage of the constructional and turnaround moulds is different. Their feature of moving people frequently between varied activities tends to give headhunters the impression that managers raised in those frames are well qualified to run pretty well any concern.

Unfortunately, having won a higher post somewhere else, they may well fall down. For the signs are that the prime skill of constructional managers is their knowledge of the politics and procedures of the particular concern they are working for, and the central strength of turnaround managers is their command when running operations threatened with extinction.

Dr Gunz has found that, on moving into different circumstances, both types can all too easily fail. "Managers from constructional frames can find themselves completely lost without the back-up of the many complex interlinkages and support systems they are used to. Turnaround managers may simply discover that they lack the personal authority that they would normally expect in a company facing severe difficulties."

Accordingly, the managers produced tend to become highly-skilled manipulators of their organisation's politics and procedures at their own

Further information: Careers and corporate cultures, Basil Blackwell, £27.50.

Selecting a framework

Here are the management career frames:

■ The evolutionary type of career operates in the opposite way to the pattern Dr Hugh Gunz found in the petrochemicals company. Far from being penalised for too close a knowledge of what they are managing, executives in the evolutionary frame are unlikely to advance unless they thoroughly understand the operations going on below.

Managers' main route upwards is by expanding their own specific part of the business, and growing in stature with it. The result is, evidently, to encourage an adventurous approach to management, which leads to the belief that the right way to respond to problems is to find something new for the operation to do.

The danger is that when the response really required is not to innovate but to become more efficient at what is being done already, the operation will probably have to be run in a different way. Even if executives raised in the evolutionary frame recognise the need to change their methods, the concentration of their experience in one particular business may have prevented them from gaining enough managerial versatility to do so.

■ The command-centred frame is named after the pattern in the navy where officers typically progress by being given command of vessels of successively greater size and prestige, although the work they do remains essentially the same. A commercial example of the frame is provided by high street banks in which managers rise by taking charge of increasingly important branches.

Here the danger is a tendency to produce executives who, besides being no more managerially versatile than their counterparts from the evolutionary mould, lack their adventurousness. Confronted by the need to change, they may well respond by just defending their customary ways of managing until their command runs on to the rocks.

■ The constructional pattern is the one most likely to conform to the puzzling principle in the petrochemicals company. It is also the pattern which tends to be found in big organisations with long traditions of recruiting graduates.

It is similar to the command-centred frame in that people deemed by their superiors to have the qualities required for top positions are moved from one job to another at fairly short intervals. The contrast is that the activities involved in each job tends to be markedly different.

Accordingly, the managers produced tend to become highly-skilled manipulators of their organisation's politics and procedures at their own

and superior levels. On the other hand, they are unlikely to stay in an activity long enough to acquire a detailed understanding of what they are managing.

■ One often comes across managers in such firms who are clearly on a fast track but none of whose colleagues can tell one quite why," Dr Gunz says. "They have gained the reputation among their seniors for effectiveness, although it can be very hard to find solid achievements to explain the reputation."

Moreover, while the frequent moves between varied operations may promote managerial versatility, it is apt to be relatively superficial. After



all, an important way in which executives develop their skills is by learning from their own mistakes. But managers raised in the constructional frame tend to have been moved elsewhere before the full results of their actions in a particular job have come home to roost.

■ The turnaround pattern also centres on fairly rapid changes of activity. The main route upwards consists of trouble-shooting assignments, with managers being sent to failing operations with the specific job of reversing their decline. The pattern's prime characteristic, Dr Gunz says, is that "the technical skills of management are called for in a way that they are not in constructional careers. Turning around businesses is a different job from fitting into a complex organisation, and is much more likely to need the kind of expertise that is taught, for instance, in business schools."

Another feature of such a business is that, besides promoting managerial versatility, it endows the managers with greater authority than they would be likely to enjoy in organisations without pressing difficulties. However many employees the troubleshooter sacks, the staff remaining will usually accept that harsh measures are needed if they are to keep their own jobs so they will tend to obey the boss's orders with unusual diligence and alacrity.



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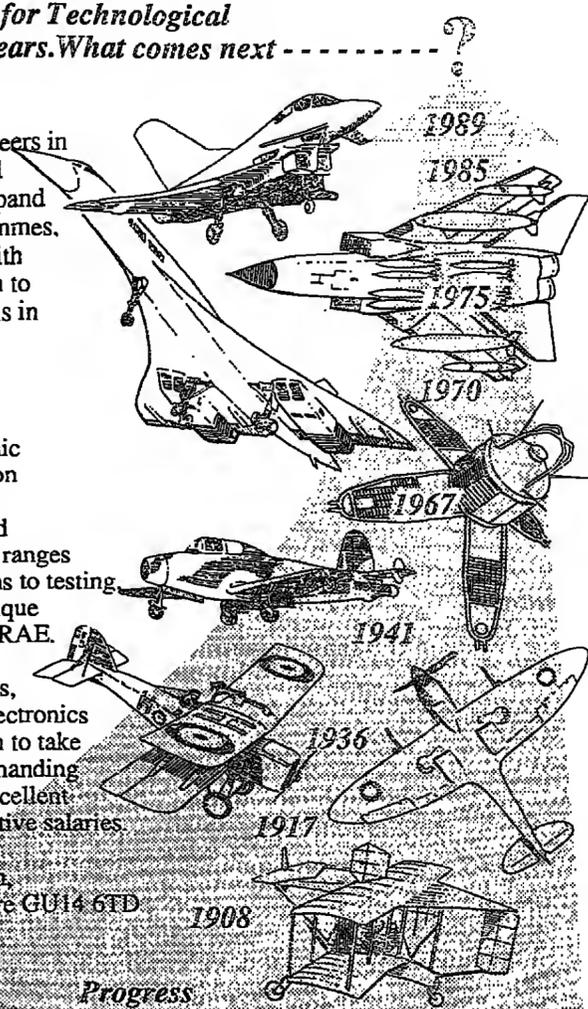


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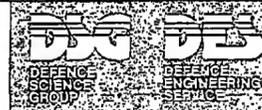
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An Open Day will be held on 14 December 1989 at Portsmouth, Portland and Dunfermline to give an opportunity for prospective recruits to see some of the activities undertaken by the Establishment. If you are interested in attending please contact the Science Personnel Office at the above address.

The Civil Service is an equal opportunity employer and is fully committed to equal opportunity policies. The MOD positively welcomes applications from suitably qualified individuals, irrespective of racial origin, sex or disability.

It is intended that ARE should form part of the Defence Research Agency (DRA) by the Spring of 1991. Final decisions on the status of DRA, which will be established in the Public sector, will be taken in early 1990.

TRAINING: FOCUS ON UNILEVER

Batch processing of the highest standard

Christopher Parkes profiles a graduate scheme

NEW GRADUATES can scrutinise carefully the quality of training on offer from employers, now that the graduate labour market has swung in their favour.

A first-rate training programme is an excellent investment for graduates, irrespective of whether they make a life-long career with their first employer or whether they use their first job as a springboard into something better.

"Unilever is the Harvard Business School of marketing, and Reader's Digest is the Balliol," warbled Victor Ross recently.

It is seldom fruitful to ask a marketing man for a precise explanation of what he means, but Unilever would probably be happy to take Victor's declaration as it stands.

Ross certainly knows the business. His was the unseen hand behind some of the most voluminous and successful direct mailing campaigns seen



in Britain. They came to you courtesy of Victor Ross, former chairman of Reader's Digest.

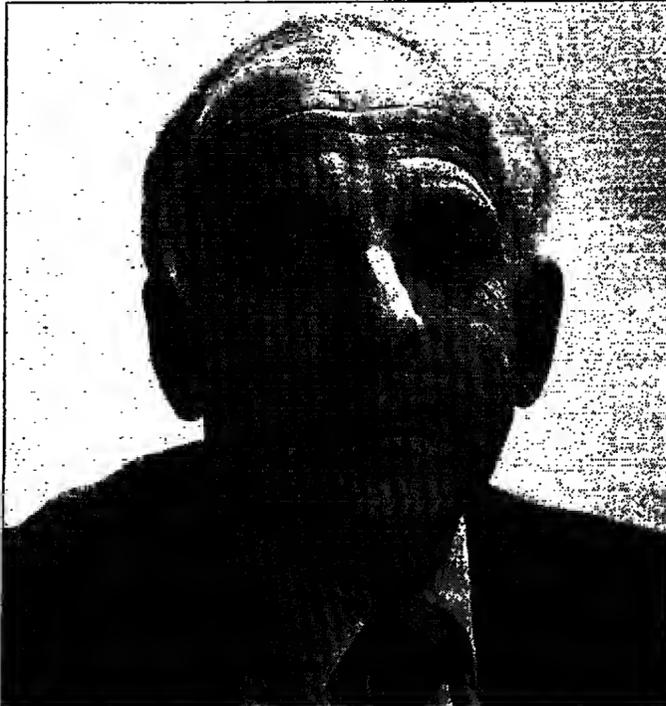
Academic and industrial admirers of the Anglo-Dutch multinational's graduate training system, known in-house as the Business Education Programme, accept that it is one of the best on offer, turning out management material to equal the output of many MBA courses.

It is Unilever's business to ensure at the initial selection process that entrants are a match both for the training scheme and a career in The Concern, as it likes to call itself. Both are equally demanding.

Newcomers start work in their jobs and at their studies the instant they arrive at their first posting. There is no blurry general management training. Each entrant is pitched directly into his or her chosen specialisation. Six to nine months on he or she will have an assistant manager's title and a "proper" job to hold down with no easing of the learning curve in prospect.

At this stage, earning around £14,000 a year, with a cost of living allowance for those in London, a marketing person's "proper" job will involve responsibility for two or three brand assistants. Someone in field sales may have a team of 8 or 10 area representatives and a technical trainee will be handling a team of craftsmen, as well as having to deal with outside contractors.

Newcomers' careers develop in parallel for about three years, and then start to



Martin Duffell in charge of group graduate recruitment

diverge, according to ability, opportunity, aggression and the call of the Unilever empire. From 3,000 applicants, mostly gathered on the Milk Round, about 140 will join the company every year - two out of every three offered places.

Selection is as rigorous as it is precise. Those 140 will, on the face of things, be a mixed bunch. Last year, for example, 20 per cent of the intake had firsts, 40 per cent made 2.1, 30 per cent 2.2 and 10 per cent thirds. Around 20 were Oxbridge graduates and the rest came from 55 other universities and polytechnics. Nowadays around a third will be women. Last year women made up half the intake for commercial places in financial and management accounting, purchasing, logistics and business systems. The graduates' disciplines are equally diverse. Unilever recruiters delight in telling of newly-qualified archaeologists and geographers converted into management accountants and hot-shot salespeople.

But in picking over the applications, they seek one common trait. "They are all the sort of people who would have got firsts if they had paid full attention to their courses," says Martin Duffell, in charge of group graduate recruitment. Those who pass through the final selection board, however, will find they have much more in common than they might have imagined. When it comes to the final choice, the head office selection board, which finds graduates for all the group's UK operating companies, makes its decisions according to four strict criteria. Potential trainees must have the abilities to:

- Succeed in their chosen area
- Reach full manager status in two years. (There are 16 man-

agement grades within the group, numbered from 20 to 36, with "senior" rankings starting at 27)

- Reach middle management grade 24 in no more than 10 years
- Go on to senior levels after that.

The four selectors, who normally include a main board director, must be unanimous on the first three - there is allowance for some ifs and buts on the fourth - before the applicant is accepted.

How the programme works

THE Business Education Programme, launched in 1973, is the core element in Unilever's management training. It is aimed primarily at high-potential graduate trainees.

It comprises a series of intensive two-week residential courses spread over four or five years. General management training includes an introduction to business, development of business skills and management practice - one course a year for the first three years.

In the first year, while commercial trainees study for their Chartered Institute of Management Accountants examinations, marketers and technical people have their own specialised training.

Everyone attends these courses automatically for the first three years. At the start of year four they face a substantial hurdle, and will be allowed to continue to the more advanced specialised studies if their company has formally acknowledged that they have the potential

The recruiters speak reverentially of this process: "They are choosing their heirs," says Martin Duffell.

They are also selecting people who conform to a pattern which will allow the company the maximum flexibility for picking and choosing from as wide a reserve as possible for its management requirements. The calibre of all entrants is more or less uniform, and the management grading system ensures that the calibre of trained managers can be assessed by a glance at the number alongside their name.

Some 90 per cent of the intake has a full management job in two years and, by then, natural selection is beginning to take a hand: people drop out for personal reasons, new jobs and maybe because they are simply not keeping up. Annual assessments can be testing occasions for those who carry into their professional lives any lack of attention which characterised their student days.

Half the trainees from any one year will still be with Unilever after six years, and a quarter, Duffell says, "are lifetime Unilever people."

The 1986 intake is now earning an average of £18,000, excluding London allowances, and the highest flyers have a company car. The 1985 vintage is on around £20,000 and about one in three has a car.

By now the class of 1986 will be about to spread its wings. According to Bill Donnelly, personnel manager at Lever Brothers, the detergent subsidiary, it is at around this stage that the parent company comes around to check on its protégés and perhaps hijack one or two for posts elsewhere in other UK subsidiaries, or even overseas. It is usually a little longer before the group's

competitors come poaching. But some of the fledglings will be preparing to leave, prompted only by their own ambition.

Financial services, a fashionable growth sector in consumer markets, is especially keen on young marketing staff, and pays well in salaries and assorted perks such as subsidised mortgages to attract them. Donnelly also reports that lures such as cars, money and status offered by management consultancies are often irresistible to the brightest. And he admits to difficulties which are, perhaps, common to other large corporations. "We take very bright people and we sometimes have a job giving them work of a strategic nature that their intellect demands," he says. "Also people see themselves as never making it to the top."

With a third of a million people on its global payroll, and despite having a three-man committee where most companies have only a single chief executive, this is perhaps understandable. Even so, there are still some 4,000 managerial posts in the UK and 18,000 worldwide.

Graduates arrive at Unilever educated, bright, confident... and inexperienced. "They are vulnerable, so they need some nannying," says Tim Ransome, head of group management development.

In fact, nanny's firm hand is evident from the start.

The evening before their selection board, for example, applicants are "entertained" by company at the same time. Two young managers to prepare them (nothing extravagant is one of Unilever's prime-giant, however - The Concern industrial skills.

is reputed to be as stingy with expenses as the Civil Service). On arrival at their first posting newcomers will find a mentor has been appointed to answer questions and help with problems in confidence.

Applicants are expected to state preferences for the type of work they want: marketing, technical, commercial and personnel are the main lines open for graduate trainees. They may also have preferences for working with particular groups of products or broad areas of interest, but they will not generally be offered a choice of operating company. That is nanny's job.

"Unilever is very good at matching people and places," according to Ann Calloway, in charge of management development at Lever Bros. Each year's intake is distributed around Britain according to the operating companies' needs which are assessed before the Milk Round starts. Lever last year, for example, indented for 13 marketing bodies, six commercial, five technical and one for personnel.

The companies also work hard to keep their trainees in a more or less cohesive group for the first three years, while they undergo training.

Requests for a switch to another company are not popular. "We advise them to stay put because the first management appointment is the mark of their operating company's confidence in them," Ransome says. "It is preferable, for obvious reasons, that they all join a company at the same time. Highly efficient batch processing is one of Unilever's prime-giant, however - The Concern industrial skills.

THE BANK OF ENGLAND

CAREERS FOR GRADUATES

Main activities: The Bank of England is the central bank of the United Kingdom. It is banker and adviser to the Government on monetary and financial affairs and the Government's agent in the execution of a number of financial operations. The Bank has statutory responsibility for the supervision of banks in the UK and plays an important part in the regulation of most of the City's markets and institutions. The increasing internationalisation of the financial world brings an international flavour to much of the Bank's work. The fulfilment of the Bank's many roles provides a wide variety of work and opportunities for the graduate.

Graduate Posts Available: The Bank recruits about forty honours graduates a year with the personal and intellectual qualities to fill the senior managerial posts of the future. Although there are vacancies for graduates in any discipline, a knowledge of economics or related subjects is useful in many parts of the Bank and essential for some more specialised posts. Each year a number of mathematics and operational research graduates are also required.

The great majority of the staff, and nearly all graduates, work in the City of London and a graduate's early career will probably be spent in a number of areas in the Bank.

Training: Apart from training in their specific work, graduate entrants also attend a programme of core and optional courses including Practical Central Banking, Economics, Accountancy and Interpersonal skills. A wide variety of management and other training will also be available to them later in their careers.

For Brochure and Application Form Contact: The Recruitment Manager, Personnel Division, Bank of England, Threadneedle Street, London EC2R 8AH or telephone 01-601 4518/4832.



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SO - YOU'VE gone through all the literature, talked to your contacts, done a little work experience in the relevant areas and finally decided which companies to apply to. You even wrote off for the necessary application forms - over which, at this very instant, your pen is hovering.

The first thing to say is "stop" and read on.

The problem about application forms and curriculum vitae is that most companies are inundated by them and quite simply do not have the resources to read them as closely as they should. This is quite a serious problem given that some companies interview only 10 per cent of applicants and reject as many as 90 per cent of the forms straight away.

There are, however, a number of ways of increasing your chances of making that 10 per cent. First, it's well worth filling in the right form. From time to time Unilever still receives application forms sent by Proctor and Gamble which are subsequently put into the wrong envelope. It's also worth making sure that you haven't filled in a standard application form when a company one is required.

Another method of increasing your chances is to make sure that the form looks neat. The presentation is probably as important as the content. It should also be readable - if the personnel officer can't read the thing he or she will just place it on the reject pile - and why not? They have plenty of other applications to go through and probably not a lot of time to do it in.

One way of ensuring the form is readable is to type or word-process it. This can present layout problems, but can be done. Some programs have the advantage of a spell check function which may prevent misspelling management consultants as management consultants.

If you do fill in the form by hand, the writing should be even, the coffee and beer stains not too apparent and the form should not be folded every which way. For the sake of your career, it's probably worth investing in a large envelope.

Another way of increasing your chances of being accepted for interview is to send the form on time. Most companies are looking for people who are efficient and able to organise themselves effectively. Sending forms in late is, to be honest, not one of the best ways of doing that.

Some companies expect forms quite early on in the academic year - some as early as November. If you've narrowed down a few sectors, it's worth looking at some of the major employers to give you some sort of schedule during which you can make your mind up without having to wait another 12 months to apply.

Inevitably, you will miss the deadline of the company towards which you have discovered, your whole life has been moving. If you are going to send a form in late, it's well worth ringing first to find out if the application will be considered.

Find out the name of the per-



Some extramural activities are best left off your application form or CV

APPLICATIONS

Highlight your strengths

Paul Abrahams assembles a practical form guide

son you speak to and, if they suggest it is worthwhile, remember to mention in a covering letter that they have already discussed the application with you.

A blank form can be fairly intimidating, particularly the bit at the end where you're expected to shine. The main thing to do is to show that your past experience and present interests demonstrate the way in which your skills will match the needs of the company to which you are applying.

The problem is finding out

Link your experience to evidence of your skills and ability

what they want. Actually, it isn't that difficult. You've probably spent at least three years learning how to dig information out of libraries and other sources.

Digging out information on companies requires skills which are no different. It will also probably take less time than digging up the quotes for an essay which is read by one person before being stored away never again to surface.

So how to dig. First look at the recruitment literature they send out. They may actually give attributes for which they are looking. Ask if they can

send you a copy of their annual report - if you see they are good at widget-making and you mention that you want to work for a division which is highly successful in widget manufacture, well, so much the better.

Write or telephone friends and contacts who work in the company or any similar areas. These could be people known to you personally, they could be suggested by the careers service, or be mentioned in the company's brochure.

Read relevant periodicals to get some idea of what is going on in the company's sector and if the company is doing well. The Financial Times can be a surprisingly effective method of doing research.

If you can access an electronic database such as Campus 2000 or Profile which has newspaper cuttings, so much the better. In addition, read any trade journals in the local or college library. Write to any relevant trade association. See if your company is involved in any particular areas you would like to work and, if so, mention it on the form.

Once you have worked out what the company wants in its recruits, you need to demonstrate in your application why you fit the bill. Don't just say that you have communication skills if they want communication skills - demonstrate, with a practical example, when you have actually used them. They want numeracy and you only got a 'c' in O level maths? Show how you were responsi-

ble for stock-taking in the record section of Woolworths when you worked there paying off your overdraft - it'll be far more impressive.

You need to avoid hackneyed words like interesting,

challenging or stimulating, by being specific and relating what you have done in the past to what the company is looking for. Link your experience to concrete evidence which demonstrates your skills.

Some companies ask for curriculum vitae with application forms and covering letters. The process of putting one of these together can help you sort out your own ideas about yourself.

There is no right or wrong formula for CVs. Some companies expect no more than a page, others say a page is too long. The best way to put one together is to create a base CV on a word-processor which lists everything you've done. This should then be copied and adapted for each different application, taking out anything which isn't relevant. This can help ensure that the personnel manager doesn't fall asleep while reading it.

For example, if you had experience of writing for a student newspaper and broke the story of the University chancellor's nocturnal habits, you might mention it in an application to the Financial Times. On the other hand, it might not be

Photocopy your application form. Brief yourself before interviews

suitable when applying to become an accountant. Instead, you could mention how effective you were in reviving the financial fortunes of the paper by cutting costs and increasing its revenues.

Whatever you do, remember to keep a photocopy of everything you send off. That way you can brief yourself just before interviews and remember what slant you put on the application form (this is not to suggest, of course, that you might have lied and might have problems trying to remember what you've said). Be warned - your CV may well serve as an agenda for an interview.

DIRECTIONS

Stepping out with the Stones

Paul Abrahams looks at career springboards

SUE DAVIES is preparing the Rolling Stones for their next world tour. She handled Pink Floyd's 18-month tour, during which she visited New York, France, Germany and even Venice for the concert that created a huge row in the city. She also worked on the British film Sammy and Rosie Get Laid. Next year she's going for six months to Hollywood. She is an accountant.

Let's be honest. Most new graduates won't be as qualified for the really interesting jobs as those with some experience and expertise. And while there is no harm in sending off applications the chances are that when the post drops through the letter-box, it will contain a crop of rejection slips.

The problem is that despite the well-publicised demographic downturn and the increase in demand for graduates, there are still a number of careers that appear almost impossible to enter.

Sadly, the number of graduates wanting to work in, say, arts administration, publishing, journalism or even for charities is far greater than the number of opportunities.

Given that the odds are against an immediate entry into running the Regent's Park open-air theatre, marketing Oxfam or writing for Cosmopolitan there are alternative ways of achieving your ambitions.

One option is to take a professional qualification and to that expertise as a point entry into a highly competitive area. Once qualified, the opportunities offered by apparently boring professions are surprising.

A professional qualification can never do you any harm explains Sue, our 26-year-old jet-setting accountant from Pear Marwick McLintock who graduated from the University of Kent in 1984.

Certainly, others have used their qualifications companies requiring contracts such as literary agencies. Accountants have become financial directors of charities and managers have atopped marketing margarine a started in high-profile positions for third world agencies.

Edward Mayo, who is European Community Officer at World Development Movement used to be a management consultant at Arthur Andersen.

recons he can contribute more to the charity, having had experience as a management consultant, than if had joined straight from college with his degree in philosophy. Edward also points out that, with his former experience, he has a safety net if needs to take on financial obligations later.

Of course, there are disadvantages of using the stepping-stone approach. Not least is boredom. If your heart is in theatre, spending two years in law school or three years becoming an accountant can be heart-breaking.

Admittedly, not all people complete - and many if they can find the jobs they want with just a year's basic training.

Sue has no doubts about her choice: "For two months a year for two years you have to keep yourself up studying. But it's worth it in the end."

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PROFILE

A winding path to Number 10

Andrew Hill talks to Justin Ash

JUSTIN ASH has wanted to be Prime Minister since he was six. But he knows from experience that the best-laid plans of graduates can be upset - and that a desire to change direction need not mean turning to square one.

So far the nearest he has come to his heady ambition is a temporary position as a researcher for the deputy leader of the Labour Party, Roy Hattersley - part of a four-year degree course in politics and Parliamentary studies at Leeds University.

And this year, despite the are with which he chose his first job at Shell and only 20 months after joining, he decided to leave. Why?

Justin completed his degree in 1987. He already had a wide range of experience. Apart from working for Roy Hattersley at the House of Commons, he had been a congressman's researcher on Capitol Hill, and had spent a year between school and university on a short service commission with the Royal Artillery.

"I had no short to medium-term aspirations to move into politics; to remain a researcher to an MP would have been very interesting but probably a dead-end as a career in itself. So then it was a question of working out what elements I had enjoyed of the different types of work I had done, and where I wanted to be in 10 to 15 years' time."

As he approached the readed Milk Round of job applications, Justin decided he would relish a career which juggled priorities and deadlines. He wanted to acquire skills that would eventually set him up to move into business.

"I was offered a place in the Foreign Office. It was an excellent opportunity, but I turned it down for a job at



Justin Ash: changing jobs needn't mean starting again

Shell because, having talked to people from Shell, it was obvious they were working in an exciting environment and that the job would be intellectually challenging."

So far, so methodical. In 1987, he started a solid training on a respectable annual salary of £12,500 and, after two years, had reached the position of junior oil trader - moving valuable cargoes of oil products around the world.

But, like so many graduates, he found the experience of working in an enormous corporation, albeit with a large measure of responsibility, frustrating.

"Clearly, at Shell there was an enormous amount to be gained and a lot of people willing to help. But it was far less clear how things were

developing in the longer term," says Justin.

Shell UK's massive London headquarters on the south bank of the Thames is a self-contained mini-city, with shops, banks and a sports centre in the basement. Justin thought the corporate feel of Shell would become increasingly burdensome as his career developed.

"What I found oppressive about the corporate culture was that there was a culture at all," he says. "But the fundamental question was 'Am I getting the broadest range of skills to qualify me for success in business in 15 years' time?' and the answer was no."

So how did he go about planning the next step? "I started to think about the next career moves more than

six months before I left, and more than four months before I wrote the first letter."

This time he chose management consultancy, joining Bain & Company (UK). He admits now that had he known such an option existed he would certainly have tried consultancy when applying for his first job.

Making such a change after less than two years at Shell was a daunting prospect.

"I had enormous fears about moving jobs because I wasn't in a bad position at Shell. When I left I effectively started again."

That was not entirely what happened, however. Justin admits the added experience of nearly two years "in industry" was an advantage when joining an organisation used to taking bright graduates straight from university.

"Did it mean I could walk in on Monday morning and do the job better than anybody else at my level? No, but it does give me an outside perspective on the work."

For Justin, Bain offers a smaller-scale, exciting working environment, plenty of feedback from his mentors, and a feeling of enthusiasm among young employees.

"What is really satisfying is that by putting your mind to business problems you can feel the impact your work is having on clients' business. You actually feel that you're doing some good."

"I do work long hours, but you can control that," he adds. "And I have never had more fun in anything else I have done."

Justin has no regrets about any of his diverse career moves - army, university, politics, oil trading or management consultancy. And he knows Bain will, in due course, be a springboard to another career.

"When it comes to my next thought about careers, in however many years' time, I will be better informed because I worked for Shell and Bain. I eventually see myself running probably a challenging division of an established blue chip company, or as part of the management team of a young, exciting and pro-active medium-sized business."

And, after that, will he go back into politics? "Perhaps."

NETWORKING

Jobs for the old boys

With persistence, doors may be opened says Paul Abrahams

BEING fair costs. If a company wants to cast a wide net in an effort to provide equal opportunities for graduates from all colleges and universities it soon discovers that meritocracy does not come cheap.

A sizeable company running a large programme could spend in excess of £3,500 for each successful applicant reckons Karin Horowitz who works at PRL, the recruitment and design consultants in Cambridge. She points out that creating literature, paying for advertising and processing the subsequent applications is an expensive process.

Some organisations are prepared to absorb those costs. The BBC employs enormous resources every year to process the 6,000-odd applications it receives for its traineeships. A spokesman explained that this is a lengthy and rigorous process but the Corporation believes that, as an equal opportunities employer, it is essential to give all the candidates a fair chance.

It is not only public sector organisations that are motivated to set aside significant resources for graduate recruitment.

The management consultancy wing of Coopers & Lybrand, for example, estimates that it spends about £1,500 in direct costs for each recruit.

But in smaller organisations, or companies that need fewer graduates, many personnel managers decide it is simply not cost effective to spend that much money. They stress that their responsibility is to their shareholders rather than to society.

For this reason, when one of the larger independent television companies recruits a couple of graduates a year, it does so, not by advertising like the BBC, but by using more informal methods of recruitment.

The manager in charge of recruitment explained that when the company once did advertise, its personnel department was inundated by applications. And he felt that the



I don't think these are the sort of chaps we want in our team

extra effort put into the process did not really improve the quality of the trainees who were eventually taken on.

Instead, the television company now finds its graduates through contacts - contacts that are mainly from Oxford and Cambridge. Many managers justify their recruitment at Oxbridge because, rightly or

■ Your local careers' service. Many services have a list of graduates from the university or college showing which career they chose. There is no harm in writing to these people, explaining that you are considering a similar career and asking if, during the next couple of months, they might have 10 minutes to speak to

in a company. It doesn't matter if you change your career plans afterwards, the experience will still look good on your CV.

■ Speculative applications can work, but it's almost impossible to get a reply if you don't address the letter to somebody in particular. Ring the company first and telephone after you send the letter.

■ Trade magazines. These can be found in most college and university libraries, and can supply invaluable information.

■ With persistence, doors can be opened. The worst that can happen is that they are slammed shut in your face. And that will only hurt your pride.

■ For further information read the 1989 What Colour is Your Parachute? A practical Manual for Job-hunters and Career-Changers by Richard Nelson Bolles, published by Ten Speed Press. £7.95.

In many small organisations, personnel managers decide it is not cost effective to set aside resources for the processing of thousands of applications

wrongly, these universities have a reputation for being the best. Another reason is that many of the people in a position to hire are from these universities and still have connections with them.

Nevertheless, it is possible to create your own network of contacts. Sources include:

■ Most will be flattered. Your chances of getting a response will be increased if you promise to phone in a couple of days.

■ Work experience. Try and get some work experience during your vacations - there is no doubt you can make contacts just by spending a week or two

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INTERVIEWS

Making a good impression

John Courtis offers useful guidelines

BEFORE you plan what to say at an interview, it is helpful to clarify why you are going to be there. The aim is to be offered a job, or at least to stay in the running until you decide you can do better elsewhere.

To this end you need to do two things. One is to make a good impression. The other is to avoid doing anything which suggests that you do not meet their criteria.

As these criteria may include a range of subjective items not evident from the job description, tread warily. For instance, don't volunteer your own prejudices or imply that the interviewer, like all right thinking people, must share them. A handy rule of thumb is to be in favour of things rather than anti-anything.

So what do you say? Planning to answer questions well is important but you cannot anticipate every possible question. So the guidelines need to be general.

Plan your questions well. A good interviewer will be just as interested in your questions as your answers. Constructive and relevant questions which

get them talking while you listen respectfully, nodding sagely and grunting affirmatively from time to time. Do not overdo the nodding. Good and bad interviewers will be impressed by this policy. The bad ones won't notice what you've done but will have a warm feeling about the meeting. Good ones will notice appreciatively, even though they keep control, with brief answers and then more questions.

For their questions, you must rehearse the things which you cannot easily put in a CV. For example, censor your extramural interests. Focus on those which imply intelligence, fitness, team behaviour and skills.

Suppress the self indulgent, sedentary, lonely and pedestrian. Chess rather than draughts. Tennis rather than pot-holing (employers don't like the idea that you are going to be trapped underground on Monday morning). Cooking, if you must, rather than eating. Playing an instrument rather than listening, perhaps. And the instrument should not be too mundane.

Finally, almost anything rather than reading. Employers expect graduates to read (although not necessarily to write, nowadays) so you need to be more explicit. They are likely to ask:

Choose your newspapers carefully. A hint of pink in the briefcase, plus any other quality paper about which you can actually remember something. Do not claim one you seldom see.

Other answers you can rehearse include signs of

Do not seek career advice. Do not say "I want". Ask instead what you can do for the company. Don't talk about sex or politics. If you were in the Young Conservatives, don't mention it, or stress that it is, in your district, a non-political social forum.

And a last positive practical question. If you don't want the job, ask what other opportunities exist elsewhere in the com-

pany. If you don't ask, the tendency is that you don't get.

Further information: any book on body language, like "Manwatching" by Desmond Morris. This will help you avoid negative signals. Borrow or buy How to be interviewed by D Mackenzie Davey, published by BM. Selling Yourself in the Management Market by John Courtis, published by Kogan Page.

DISCRIMINATION

Know your rights

Robert Rice on the legal view

THERE is no definitive list of questions that employers are prevented from asking at job interviews - probably because it is not a criminal offence to discriminate in the UK. Unlawful discrimination based on sex, race, or marital status may give rise to a civil action for damages by the person discriminated against, but no prosecution can be brought.

The discrimination laws, based on the Race Relations Act and the Sex Discrimination Act, apply throughout the employment field. They apply at all stages from job advertisements to selection for interview, the terms on which people are hired and so on.

Unlawful discrimination occurs when a person is treated less favourably than he or she would otherwise be treated because of his or her race (which includes colour, race, nationality, citizenship, or ethnic or national origin), sex or marital status.

Discrimination can be direct or indirect. Direct discrimination is usually obvious. "I'm afraid there has been some

mistake. The South African market is so important to us we make it a company policy only to employ whites."

Indirect discrimination can be more subtle and more difficult to spot. If, for example, a corporate hospitality company required all its employees to drink alcohol when entertaining clients the requirement might be considered discriminatory against Moslems who are forbidden to drink alcohol by their religion. Such a requirement might not be considered discriminatory when considering applicants for jobs on a wine magazine where part of the duties of the job require the tasting and assessment of wine.

There are exceptions where discrimination is not unlawful. The laws do not cover jobs in private households. Small firms are exempt from the sex and marital laws, but not the racial laws. Some jobs are partially exempt from the sex and marital laws but not the racial laws. The police force, for example, can lay down height requirements.

There are also genuine occupational qualifications. Racial group can be a legitimate qualification when selecting actors for a play or choosing a model where authenticity requires someone from that group.

It is perfectly legal for an employer to ask an interviewee whether they have ever been in trouble with the police. The answer will depend on the length of any sentence and when the offence took place. The Rehabilitation of Offenders Act wipes out criminal records after fixed periods.

A fine is wiped out after five

Indirect discrimination can be subtle and more difficult to spot

years, for example, whereas a custodial sentence of more than 2.5 years is never wiped off the slate. If the applicant was under 17 when the offence was committed the wiping out period is halved.

Once a conviction is wiped out the applicant is entitled to treat it as though it never existed. There are certain jobs, however, where there is a legal obligation to own up. These include police officers, local authority social workers and teachers and welfare

workers dealing with under 18s.

Employers are also entitled to ask applicants whether they have any objection to a medical examination. Applicants can not be forced to submit to a medical, but if the applicant refuses this may give the employer grounds not to offer the job.

Applicants who know they are suffering from a disease and deny it could find themselves prosecuted for obtaining employment by deception. In 1985 the Government's chief medical officer, Dr Donald Acheson reportedly said: "Anyone who is asked by an employer whether he suffers from AIDS or has the infection should tell that employer to mind his own business".

In theory this is sound advice, but in practice employers have to bear in mind the implications on pensions and insurance if not asking applicants to take various medical tests, as well as the general duty to look after the health and safety of their employees.

If, however, an employer asks an applicant to undergo an AIDS test, the applicant should ensure that all applicants male and female have been required to take the test. There is no discrimination law to protect gay men and women in employment. Employers are therefore free to refuse to employ or promote on grounds of common prejudice.

If you want to be a Captain of Industry, shouldn't you first learn to navigate?

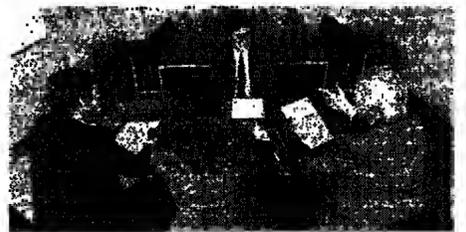
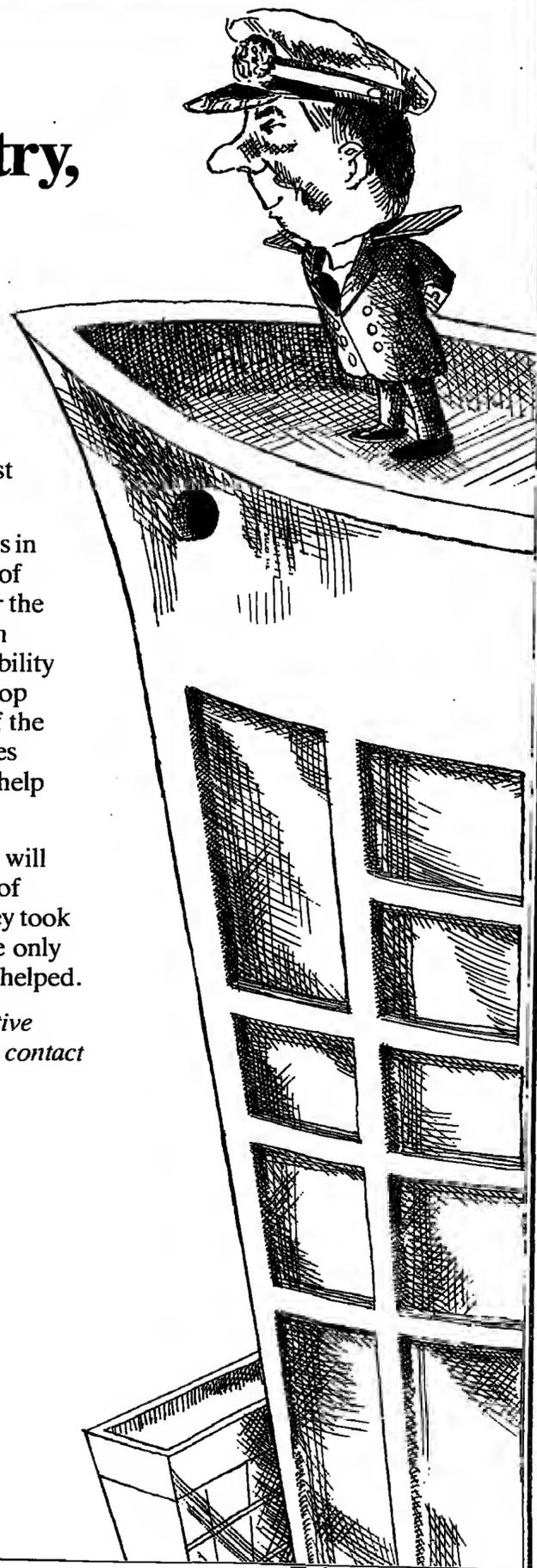
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Be sure to plan your questions well

imply your interests are more convincing than attempts to drag extraneous matter in as answers to an interviewer's imperfect inquiries.

For instance, ask how the proposed job can contribute to the efficiency and profitability of the organisation, unless it has already been clearly specified. It seldom is. Ask how they plan to train you.

This helps in two ways. You do need to know the answer and it implies that you recognise you are not yet perfect. Ask, too, how they will assess your performance. Ask late in the interview, so it doesn't look too pushy. They may not have a ready answer but this, too, is significant.

You could also ask the interviewers what they do in the company and why they like and stay with it. This should

organisational ability: you must have organised something at university, if only refreshments; things you were elected to; computer exposure; peripheral experience; vacation work; overseas trips which reinforced your linguistic skills; and, of course, good works. Good works have to be selected carefully. Charitable causes are fine unless they bring demo images to mind.

None of this should be interpreted as suggesting you lie or invent. Merely edit the rich tapestry of your life so far and compensate for the defects of the interview by presenting the more acceptable bits. It is almost expected of you.

Finally the other boys: asking trivial questions, being verbose, patronising, laud or focusing on minor fringe benefits (options, yes pensions, no).

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CLOTHES FOR WOMEN

Stylish start to life in the office

Lucia van der Post on how to dress suitably without looking like an air hostess

So you are about to start on the gruelling round of interviews and, after you've cleared that hurdle, your working life will begin. Until now you've only had to please yourself. If you are at all typical of most students your wardrobe doors probably hide a miscellaneous collection of garments entirely unsuited to the office-bound days that lie ahead.

To begin at the beginning. It is important to recognise that appearances do count. It's no good adopting the romantic view that who you are and how able you are will be apparent, and that anybody with any nous will be able to see beyond the surface details. They will not.

Dressing appropriately is a form of politeness, of sensitivity, and those who cannot be bothered tend to have their bluff called. As one prospective employer put it - "If they don't care about how they look, if they come in wearing dirty shoes and scruffy suits, I always ask myself what else there is that they don't care about."

It is worth adding, before we move onto the question of clothes, that things like clean nails, a good haircut and what beauty editors generally term "grooming" do matter. As Audrey Slaughter puts it in



Shawl-collared jacket (£69.99); matching sarong skirt (£29.99) from Oasis

sophistication than any number of floppy bows.

A suit is probably inevitable. Try to choose one that doesn't look as if it were designed for an air hostess. You should spend as much as you can afford on a suit. There is a host of looks to choose from. For my money, slick fitted suits look wonderful in the ads or on very smart occasions but they are not practical for leaping on and off tubes or buses, for sitting in cars and for daily office life. Long skirts are back this winter and a suit with an easy skirt, a loose but not sloppily cut jacket which ideally should work with other things in your wardrobe, could really earn its price-tag. It could be worn simply on its own, teamed with shirts, silky T-shirts, polo-necks or a body-stocking.

Where to buy these desirable garments isn't easy but there are now scores of shops and chains that have targeted you and your needs. Miss Selfridge, Principles, Next, Marks and Spencer, BHS - all these shops offer excellent value for money, but you will have to sift the wheat from the chaff. This autumn Marks and Spencer has scored a massive hit with an elegant and simple Chanel-inspired suit in black or bright blue trimmed with black it sells at £90 a time.

Also worth looking out for at Marks and Spencer is something called the Girl Range (horrible name, nice clothes). Aimed at the smaller woman, it is a collection of garments which all work together - cropped jackets, city shorts, skirts, culottes or wide-legged trousers in honnd's-tooth check, and black, olive green and purple jackets run at about £35.

Oasis is a small group which started with an ethnic bias but has changed direction somewhat and has now produced a collection that seems to answer a lot of young working women's needs - wearable, comfortable, interesting and, above all, suitable. There is, for instance, a flared shawl-collared jacket that looks neither prim nor uncomfortable. In claret or black it sells for just £69.99 and looks as up-to-the-minute as the most fashion-conscious could wish for and yet as ready for work as the most stringent boss could ask for. With it there is a

gathered sarong skirt at £29.99. Or you could go for a simple, uncluttered suit in black wool crepe - the collarless jacket is £59.99, the culottes £45.99.

Don't forget Laura Ashley which has moved on from the days of the milk-maid silhouettes and the dainty floral sprigs. Designs are more sophisticated now - for example there's an eminently wearable slim black wool crepe double-breasted coat dress for £75 that would take you to meetings, lunches or dinners and not look out of place beside the filing cabinet.

A new chain worth looking at is River Island. It isn't and doesn't pretend to be, high quality but it is absolutely up-to-the-minute and is a useful place to go to supplement your basics. Go for the fun extra jacket - currently there's a cropped one in bright green velour for £39.99 - for simple black pants or a brace of skirts.

Phase Eight is the backbone of many a working girl's wardrobe. Currently they have a smart and colourful little jacket at about £39.99 that can be teamed with interesting cut-faded jersey trousers and short or long skirts. And don't forget the Warehouse chain, sometimes good for basic trousers, jackets or suits but also worth scouring for this season's essential shirt, a jazzy top or a scarf that brings an outfit to life.

If you have the money, or your parents are prepared to regard kitting you out for your new life as something of an investment, then you can afford to look at rather classier names. Nicole Farhi has one of the best touches with a suit or jacket that I know - her tailoring always manages to look high-quality but never masculine or prim. A Nicole Farhi suit would set you back some £250 or more but would go on looking good for years. Whistles is another chain that understands perfectly the art of making a suit that does the job we expect a suit to do but that never looks boring doing it. Whistles own-brand labels are usually less highly-priced than the designer labels and have an easy, understated chic



Black wool jacket (£155); black and cream skirt (£45) from Whistles

Your Brilliant Career: "I think it is important at the start of a career to regard grooming and style as an intrinsic part of your armoury of skills and to invest a relevant part of your salary to keep your image polished, just as you would believe it necessary to pay for a course in, say, computing or French."

So then we come to the important and difficult matter of clothes. The most frequent traps the newly-employed female of the species seems to fall into are those of dressing too primly, as if respectability and uniformity were all and as if they were too terrified to let any personality or individuality show. It is perfectly possible to dress suitably and to look interesting at the same time.

You probably need to start with a good suit or, if not a suit, with a really well-cut jacket. Susie Faux, who runs a fine (but expensive) pair of London shops called Wardrobe, devoted to giving working women the kind of stylish, confident clothes they need to do their jobs, thinks that a good jacket is the foundation of a chic daytime wardrobe. If well-chosen it can be worn with a short(ish) skirt, a long skirt, trousers or culottes and is probably one of the best investments you could make. It doesn't need to be charcoal grey or navy - red is glamorous and works with any number of other colours, as does a fine check. Choose it in a fine soft wool and it should see you through most of the year. By alternating it with a slim, straight skirt, a longer, softer, fuller one or even culottes and nicely-cut trousers, you can make it earn its keep many times over.

Choose a jacket that buttons-up and can be worn on its own, with nothing underneath. This will allow you to do a row of pearls or a gilt chain in the evening and look quite smart enough to go straight out to drinks or dinner. Do try to avoid the cliché of softening the neck with a house sporting a pussy-cat bow. More chic are silky little T-shirts which can be found at a vast range of prices. Ballet-tops and slinky cross-overs will keep you



A winner from Marks and Spencer, a Chanel-inspired

gathered sarong skirt at £29.99. Or you could go for a simple, uncluttered suit in black wool crepe - the collarless jacket is £59.99, the culottes £45.99.

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A new chain worth looking at is River Island. It isn't and doesn't pretend to be, high quality but it is absolutely up-to-the-minute and is a useful place to go to supplement your basics. Go for the fun extra jacket - currently there's a cropped one in bright green velour for £39.99 - for simple black pants or a brace of skirts.

Phase Eight is the backbone of many a working girl's wardrobe. Currently they have a smart and colourful little jacket at about £39.99 that can be teamed with interesting cut-faded jersey trousers and short or long skirts. And don't forget the Warehouse chain, sometimes good for basic trousers, jackets or suits but also worth scouring for this season's essential shirt, a jazzy top or a scarf that brings an outfit to life.

If you have the money, or your parents are prepared to regard kitting you out for your new life as something of an investment, then you can afford to look at rather classier names. Nicole Farhi has one of the best touches with a suit or jacket that I know - her tailoring always manages to look high-quality but never masculine or prim. A Nicole Farhi suit would set you back some £250 or more but would go on looking good for years. Whistles is another chain that understands perfectly the art of making a suit that does the job we expect a suit to do but that never looks boring doing it. Whistles own-brand labels are usually less highly-priced than the designer labels and have an easy, understated chic



Charcoal pin-stripe suit (£110) and cotton stripe shirt (£25) from BHS

that is perfect for office life.

Don't forget accessories - cheap shoes, belts, handbags and jewellery can look dreadful and there is no quicker way of lifting a chain-store buy than by changing the buttons, adding a very classy belt, some carefully chosen costume jewellery (Next chains and Fenwicks are two excellent sources) and some good shoes.

Good shoes, though, do not come cheap and, more awkwardly, are inclined to look out of date fast. One solution is to invest in a real classic - for instance the Gucci loafer in black or brown suede at £115 a pair - and know that they will always look classy and never out of date. For good-looking up-to-the-minute fashionable shoes (and handbags) the cheapest source is the Next accessories chain. Hobbs and Whistles chains cost a little more but also have a little more cachet.

Getting started is the really difficult part but once you are launched the basic principle is that the true cost of a garment is the price-tag divided by the number of times you wear it - a beautifully-cut jacket in a fine cloth that you can wear year-in and year-out costs less in these terms than the cheap and cheerful number that

Taupe and cherry double-breasted wool jacket (£79.99) with a matching skirt (£36.99) from Next Directory



Soft, elegant jersey dress with matching belt, in black, rose or navy (£44.99) from Next Directory



Black wool mix crêpe collarless jacket (£59.99); matching culottes (£45.99); white cotton shirt with pointed collar (£19.99); all from Oasis

CLOTHES FOR MEN

Pricy to follow suit

Avoid northern chemist blue and mathematician brown

The problem for the young man embarking on his first job at first sight looks less daunting - the kit is more firmly established, the parameters of the dress code more defined. But there is the larger problem of paying for it all.

Suits in good fabrics are not cheap and suits in bad fabrics look lousy, don't last and are the ultimate bad buy. Ideally, you need a suit a day - five suits for the working week - and you really should expect to pay a minimum of about £120 a time. That adds up to a big investment. There is no magic solution but many parents are prepared to contribute, seeing it as part of equipping their offspring for the great wide world.

As a greater expert on men's apparel than I, Paul Keers, editor of GQ, puts it: "There are only three acceptable colours for a serious business suit - navy blue, grey or black. A few of the younger element are wearing Prince of Wales checks, it's true, but none of them are wearing northern chemist blue, or mathematician brown."

If you are looking at the bottom end of the price range try and go for as plain and classic a colour as you can. You could start by looking at Marks and Spencer - here you can find pure wool or excellent wool and fibre mixtures for about £140. One of the great advantages for the less than perfectly built is that they sell suits and jackets separately. It's worth considering, if you can run to it, getting two pairs

ally shows its wear first.

Other good places to look are Next, Principles and Coles - all of these are adept at giving an approximation of the Armani or Ralph Lauren look (though not the quality) at a fraction of the price. When the pay-packets begin to roll in, and perhaps even get a little fatter, you can begin to look at places like Woodhouse and Blazer, Paul Smith and, maybe eventually, at places like Armani, Ralph Lauren and Ermenegildo Zegna.

When it comes to shirts you are spoiled for choice. There are some who love the classic Marks and Spencer City shirts, but they need ironing. Alternatively, look for either Marks and Spencer or other brands (like Hathaway) which you can wash overnight and simply hang up to dry. These have improved out of all recognition since the early days of the dreaded "drip-dry" and now feel and look good to wear.

Ties really should be silk. The cheap ones look thin and mean, so persuade your friends and relations that a nice, thick, silk tie, preferably in a chic spot or a soft paisley, is what you really want for Christmas and/or birthdays.

When it comes to shoes a chain like Next does an excellent job in providing a certain sort of look to a price but makes no pretence of offering the same quality as, say, McAffee or Church's. The more you can bring yourself to pay, the longer the shoes will last and go on looking good. Since fashions do not change in this



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GUIDE TO THE FINANCIAL TIMES

Introductory Issue

Specialist uncovers world interest

By Geoffrey Owen, Editor

THIS FOUR-PAGE guide to the Financial Times is designed as an introduction for new readers and people who may see the paper only rarely. It is for those who might think the newspaper is almost entirely devoted to stocks and shares, suitable only to be read by stockbrokers and company directors on the back seats of their large cars.

We want to show that the FT, though a specialist newspaper with a strong interest in economics, business and finance, has a wide appeal to people who are looking for authoritative, well-written reporting and analysis of what is going on in the world. We aim to entertain as well as inform; the daily Arts Page, the special Weekend edition and many other features cater for a range of interests that go far beyond those of the professional businessman and investor.

When the FT was founded a century ago, it was very much a newspaper for investors and traders. Even in the late 1940s, when the paper was just starting to expand again after the second world war, the City of London was still the dominant theme. Since then the paper has broadened its vision in several ways.

Within the UK it has greatly enlarged its coverage of industry, politics and social affairs. The future of the National Health Service, the pros and cons of the poll tax, the financing of the universities, the policy review in the Labour Party - themes of this kind figure frequently in our leader page features along with analyses of the latest take-over bid or the outlook for share prices on Wall Street.

Outside the UK we have built up a network of foreign correspondents which covers virtually all the major industrial countries - and some of the leading developing ones, too.

Again, there is an important economic and business strand in our international coverage, but the aim is to give a balanced and comprehensive assessment of a country or region, so that the reader understands the political and social forces at work and how they interact with economics, trade and finance.

The fact that the Financial Times is printed in three overseas locations - soon to be four when Tokyo is operational - and a third of our circulation comes from outside the UK, gives all who work for the FT an international orientation not shared by any other British newspaper.

The FT is both an important British newspaper, playing a



In the newsroom: Alain Cass, News Editor (left), Geoffrey Owen, Editor, and Alex Nicoll, International Edition Editor

full part in the domestic political debate, and a leading international publication, with a strong position in Continental Europe and growing sales in North America and south east Asia.

Thus, although there is some general news which the FT covers only briefly in its front page summary column, the scope of the paper's coverage is wide. We have organised the

paper in a way which makes it easy for readers to know what goes where, dividing our coverage either on the basis of geographical area (as in the foreign pages in the first section) or by subject (as, for example, with management and technology).

Our aim throughout the paper is to offer a varied diet of news and analysis which meets the needs and interests of our readers.

Managing to get the most out of technology

By Peter Martin, Features Editor

THE FT has had specialist coverage of management and technology for many years; there is now a daily management page, and a technology page four times a week.

Each page has evolved over the years. Both of them, however, maintain the FT's aim of providing information and analysis that is of practical relevance to the reader in his or her day to day business life.

The technology page provides a twice-weekly guide to innovative products and techniques, Worth Watching, as well as more detailed, searching reports on such topics as computer software, biotechnology, and mechanical engineering. A monthly report from the FT's Silicon Valley correspondent, Louise Kenoe, covers trends in the US electronics industry. Throughout the technology coverage, the emphasis is on the needs of users and purchasers rather than simply on the features of the new products or processes.

In recent months the technology page has reported on ways that genetic engineering can improve laundry detergents; the emerging competition in the market for mobile communications; new techniques for keeping food fresh and safe; and the use of technology in the battle to deliver the world's mail.

Similarly the management page tackles pressing business problems - ways of reducing absenteeism, or case histories of successful quality improvement campaigns - as well as providing a guide to current management theory.

Every Tuesday the management page is devoted to the problems and opportunities of "the growing business", those small and medium-sized companies that are attempting to apply professional standards of business management. On Thursday the page is devoted to marketing and advertising, covering the marketing services industry and the tasks facing corporate marketing departments.

Among its stories in the past year, the page has analysed the new "transnational" style of organisation for large companies; reported on how B&Q trains new directors; given case histories of successful attempts to start exporting to the US; and examined United Biscuits' decision to sell its fast food restaurant chains and get back to the basics of biscuits.

Horizons set beyond the Square Mile

By Roland Adburgham, UK News Editor

FROM OUR new offices on the south bank of the River Thames, we have a panoramic view of the City of London. But closely though we observe the happenings across the river in the Square Mile, we set our horizons much further in our coverage of UK affairs.

It is true that we set limits to those horizons. Unlike some other newspapers, we do not have a court circular, we are not concerned with showbiz tittle-tattle nor salacious crime stories, and our coverage of sport could euphemistically be described as selective.

In other respects, we seek to

be highly competitive, being first with the news whenever possible and providing not only the best coverage of our specialist areas but also of all the important or significant events, issues and trends which shape our society.

Detailed reporting of company and market news is, of course, an essential element of the newspaper. In addition, our financial services writers report on everything from the mortgage market to the shady dealings of the less than scrupulous. Most of our London-based staff, however, are not directly concerned with the

City. For example, we have teams of writers covering the economy, natural resources, technology and industry.

Then there are our labour and political staffs. Our coverage of industrial relations has a deserved reputation for its objectivity even in the most contentious of disputes, such as the year-long miners' strike, when our then labour editor was named Journalist of the Year. Today, the daily Employment Page explores a wide range of issues, from training to union affairs, from part-time working to health and safety. Our political coverage, with its

own page, is also noted for its lack of bias. The sound of axes being ground - at least by our own staff - is not to be heard.

Our specialist writers, who are expected to be able to cover their subjects in a lucid manner, free of jargon, are numerous as well as numerous. To take the AS alone, we have specialists in aerospace, accountancy, agriculture and architecture. Our correspondents in Scotland, Northern Ireland, Wales, the north and the midlands help to correct any metropolitan bias.

Non-readers of the newspaper might be surprised by the extent of our coverage in areas not always regarded as "FT" - for example, the media, social services, the arts, law, the environment and education.

Last, but not least, we are putting increasing emphasis on investigations and "hard news" in which we seek to distinguish the significant from the sensational. And although we retain our own perspective, our approach has become more human since the days when we reported the death of Tyrone Power beneath the headline: *Film Star's Death: Re-filming Cost to Insurers \$1m.*

Overseas experts reveal fresh depths of global understanding

By Jurek Martin, Foreign Editor

THE Financial Times is supposed to be good at numbers so we'll start with some. We have 33 staff foreign correspondents located in 20 cities in 16 countries; we have 12 more in as many countries who are as good as on the staff; we have, at the last count, 50 more ordinary "stringers" in 40 countries; and occasional contributors of whom nobody keeps close track.

No other British newspaper has anything like this complement worldwide, only the New York Times can boast as many staff members in regular rotation issue dirty raincoats and safari jackets.

Sitting in London, helping to run, edit and otherwise look after this vast empire, are another 50 people, all with degrees of speciality or interest in something foreign. Some do a lot of writing themselves.

There are 12 regional specialists who each look after a cabbage patch. Each of these specialists is expected to travel in their region for at least three

or four months of the year. It all makes sense because, on any given day, a third of the paper might be written from outside the UK. From page two, there are four, sometimes more, general foreign pages, covering Europe, America, the rest of the world, and Trade. In the second section, there are usually five pages which deal with international company news and finance and are divided on roughly similar lines.

On any given day at least one of the two main features and one of the two leaders will probably be foreign while all the other specialist pages - management, technology, markets, commodities, the Weekend FT, even sports will count on contributions from the foreign bureaux.

It might be assumed that FT foreign correspondents are a pack of pensionable polymath polyglot economists. This is not necessarily the case. One of them, who happens to be 22, was Young Journalist of the

Year in the latest British Press Awards for her reporting on raids with the Afghan mujahideen; another rescued colleagues from the chaos in Tiananmen Square and then wrote about it with studied calm; a third got the first interview with Poland's new Solidarity Prime Minister. All demonstrated nerve and as keen a nose for the story as any totting a camera or representing the popular press.

The strength of the FT's foreign coverage is its authenticity. For that we employ journalists who write a bit, dig a lot, are not afraid of numbers, possess sound judgment and, above all, are interested objectively in the country and people they are writing about. It is something of an in-house cliché to say that our person in Paris needs to be as interested in Renault as in Mitterrand, but there is more than a grain of truth in it. We don't object to equal fascination for financial liberalisation and two-star restaurants, either.

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WORLD NEWS

Crossing international frontiers

More than a quarter of the FT's circulation is outside Britain. Foreign readers receive an international edition of the paper produced by journalists in London and transmitted to printing centres in West Germany, France and the US. Printing is due to start in Tokyo in June 1990.

World briefs
The world news column is used to highlight many general news stories carried within the newspaper and other general news items which space does not permit. The column frequently ends with a humorous tailpiece.

Broad readership
At a glance, the international edition looks much the same as the domestic FT. But as many as 20 pages are specially compiled for this edition every night. Not only are the stories laid out differently, some are rewritten or specially commissioned to reflect the broader readership.

Different emphasis
The front and back pages show a greater emphasis on stories of interest to international business people. Correspondingly, less weight is given to British news, which is tailored so that it will be of interest to, and understood by, the foreign reader.

160 countries
The Financial Times has a daily readership of more than one million people in 160 countries. Sales outside the UK have increased from about 13,000 to 85,604 in the 10 years since the newspaper began printing in Frankfurt.

A favourite in Europe
Most of the international readers are not British expatriates but business men and women living in their countries of origin. On average, 38 per cent of chief executive officers in Europe's leading 5,000 companies read the paper each day.

Congressmen subscribe
In the US, copies are hand-delivered to congressmen in the House of Representatives and senators in the Senate. Articles from the paper have been used for exam questions at Harvard Business School.

Read in Red Square
The Soviet foreign ministry used the FT's Cuba survey to brief President Gorbachev before his visit there. The paper has been commended by the University of Moscow for being the most objective source of information in the capitalist world.

Paper of the EC
In Europe the FT has virtually become the in-house newspaper of the European Commission.

Network of resources
One of the reasons for this is the strength of international resources the paper can bring to bear on any one area.

Late to bed
Around the world 33 foreign correspondents and 62 stringers file for the first edition which hits the presses at 9.30 in the evening, London time. They will keep filing as late stories break until the final, and fourth, edition is printed at 1.30 am.

Star signs
The different editions can be identified by the stars at the top of the page next to the number of the edition. The first edition has three stars, the second has two, the third has one, and the final "slip" edition has none. The paper may change considerably between each edition as late-breaking stories are added.

Main sports results
Results of major international sporting events appear in this column.

BUSINESS SUMMARY

Required daily reading

The business news column aims to provide essential and relevant information for readers in a concise and easily accessible form.

It includes national economic news and indicators such as the balance of trade deficit, the public sector borrowing requirement, inflation figures and interest rate changes.

News about institutions like the International Monetary Fund, General Agreement on Tariffs and Trade, and the European Community is also given priority.

In addition, the column details the most important national and international company stories of the day useful for flagging stories of interest in the paper.

FT-SE 100 Index



Also appearing on the front page every day is the Financial Times Ordinary Share Index, often referred to simply as the FT Index, or the FT Thirty Share Index. It has been calculated since 1935, making it a useful long-term measurement of performance as well as a rapid indicator of the market's daily moods. It is calculated on the closing share quotation for 30 of the leading stocks in the London market. Also widely used in the City is the FT-SE 100 Share Index (the Footsie), calculated on prices on the Stock Exchange Automated Quotations System (Seaq) for the 100 largest quoted companies. The most sophisticated market yardsticks are the FT-Actuaries Indices, headed by the FT-Actuaries All-Share Index. The FT-A World Index tracks 2,400 companies in 23 countries.

Financial Times has a broad readership, both politically and in terms of occupation. Here are some comments about the newspaper:

I find the FT is one of the best all round newspapers in Britain. It is excellent and essential reading on business, good on the arts and good on culture too. Robert Maxwell, Publisher, Mirror Group Newspapers.

Its integrity and reliability make the Financial Times the only source of information that can be read with confidence. Sophie Mirman, Chairman, Sock Shop International.

The Financial Times - it's the only paper I need to see each day. Alan Sugar, Chairman, Amstrad.

I consider the Financial Times to be the best newspaper in the world for objective analysis of major political and economic issues. The Arts page is good too. Rt Hon Denis Healey MP.

I read the Financial Times for the good sense of its news judgements, the range of its foreign reporting, the fair-mindedness of its industrial coverage, the authority, warmth, lightness of its features and editorials, and the excellence of its arts page. I particularly enjoy Saturday's paper. Jeremy Isaacs, General Director, Royal Opera House.

I buy the FT because my bank manager assumes I know what I'm talking about - I like to make sure that I do. Peter Stringfellow.

MARKETS

This box carries the closing rates for major world markets in currencies, gold, N Sea Oil, bonds, short term money rates and equities.
STERLING: the closing rate against the dollar in New York and the closing rates in London against European currencies and the Yen.
DOLLAR: Closing prices in New York against European currencies and the Yen. Also closing rates London against

in Tokyo and the \$ Exchange rate index, which measures the US dollar against a basket of other currencies.
GOLD: Closing prices in New York and London.
N SEA OIL: The Brent N Sea contract priced in US dollars.
US CLOSING RATES: The key rate which US banks pay for Federal money. Also the yield on 3-month Treasury bills. Long bond, price and yield.
vious day's close on the FT-SE 100, on the Footsie and on the FT All-Share Indices; the FT-A gilt yield index on the key high coupon rate Government bond; FT-A World Index close; the close on the Dow Jones Industrial Average in New York, the close on the Nikkei Stock Average in Tokyo.
LONDON MONEY: The closing rate on London 3-month interbank loan, the

The Royal Gazette

BERMUDA, WEDNESDAY, OCTOBER 4, 1989

Government to reprint Financial Times report

In a first-time initiative, Government has plans to hand out 19,000 free copies of a recent *Financial Times* supplement on Bermuda.

The six-page supplement - scheduled to be inserted into Monday's *Royal Gazette* - is setting Government back some \$6,000 in printing and shipping costs.

Cabinet made the decision to go ahead with the move, Finance Minister the Hon. David Saul said yesterday, because it will give Bermudians an independent look at the state of their island.

"It's an independent, outsider's assessment of our little island home," Dr. Saul said. "I think it will be a very useful and interesting thing to have, to keep and look back on."

The supplement, reduced to a manageable size and printed by the *Financial Times* on its trademark pink paper, provides an interesting and well-researched look at where the island has been and where it may be going both economically and politically.

After the supplement appeared on August 30, *The Royal Gazette* ran excerpts. The *Financial Times* is also sold in Bermuda. But Dr. Saul claimed that most Bermudians were unaware of the supplement.

The Finance Minister said that he is confident that anyone who reads the supplement will see that it is not some kind of United Bermuda Party publicity grab.

"It would be rather difficult to say that this is (an example of) Government promoting itself," Dr. Saul maintained. "When I was reading it, I thought there were things that I would have phrased differently. It is a factual account, written by outsiders. I don't think the Opposition will mind it appearing at all."

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

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FINANCIAL TIMES

NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL
Telephone: 01-873 3000 Talax: 922186 Fax: 01-407 5700

Introductory Issue

An essential working tool

MANY readers of the Financial Times - businessmen, investors, government officials and others - rely on the FT as an essential working tool. They take decisions in the confidence that the information we provide is accurate and that our reporting is fair and reliable.

We hope that there are many other reasons, unconnected with their work, why they buy and enjoy the FT, but the special role which the FT plays in the working lives of many of our readers does have an important influence on the character and style of the paper. Above all, the determination to get the facts right, to check and re-check until we are sure the story is accurate and complete, is seen by all our writers and editors as the first priority.

Of course the FT has opinions. These are expressed in the leader column. It also has columnists who present their own views - sometimes very different from those of the leaders - in signed articles. But the distinction between news and comment is rigidly maintained.

Although the paper has changed greatly over the past 40 years its aim has always been to provide practical information which would help readers make better decisions and shed light on the events and issues which are shaping the modern world.

Stable ownership

We have had two great advantages: a stable and sympathetic ownership and a consistency of style and objectives which stems in large measure from the long editorship of Sir Gordon Newton, who edited the paper between 1949 and 1972. Our editorial "line" is not based on an ideological preconception of how the world works; it reflects a strong belief in personal freedom, a preference for allowing markets to function and a recognition that markets are not the solution for every problem.

The expansion of our international coverage, which has been the most important development of the past two decades, was as much a response to the needs of our British readers as an attempt

to find new markets overseas. The UK's entry into the European Community, the expansion of world trade, the rise of the newly industrialising countries - all this had to be explained in a way that would be relevant to the day-to-day concerns of our readers.

Accessible to laymen

At the same time the thirst for information about international business, economics and politics on the other side of the Channel was creating a demand which the FT was well equipped to serve. The decision to print the paper in Frankfurt in 1979 and the US in 1985 gave a boost to the internationalisation of the FT, affecting the attitudes of its staff as well as making the paper more available to non-British readers.

As a UK-based newspaper we will always tend to cover British affairs in greater detail than those of any other country. We will seek to participate fully in the debate about British policy issues. But few issues are so parochial that they have no parallels in other countries or that they are not better understood when they are put into an international context.

More than most newspapers we serve a wide variety of audiences. There is the Euro-bond trader who follows closely our market reports, the old executive who is deeply interested in our analysis of economic and political trends in Black Africa, the academic who watches our reports from Eastern Europe, and many more. All this reporting and analysis we aim to present in a way that is accessible to the layman as well as the specialist and is informed by the values of objectivity and balance to which we attach such great importance.

An earlier editor of the Financial Times once remarked that readers in all walks of life were finding that "questions which used to be the exclusive concern of the businessman and the economist exert a profound influence on their daily life and happiness". This broad view of our readers' interests and concerns has guided the FT's development over the past 30 years and will continue to do so.

Logical merger of old rivals

THE HISTORY of the Financial Times is initially the story of two newspapers: the Financial Times and the Financial News, both of them founded in the 1850s when London was a pretty tough place and news was a hot commodity. It was worth a lot of money, for example, to get the first reports of a new mineral find in South Africa or Australia. And the newspapers could be unscrupulous in the way they went about their work: it was not uncommon for a courier taking news to one paper to be hijacked by another.

The Financial and Mining News was founded in London in 1854, cost one penny and had four pages. The words "and Mining" were quickly dropped. The first Financial Times appeared in 1888. A few years later it added the famous tinge of pink to its pages. In order to distinguish the Financial Times from other journals of similar appearance.

From the start, there were differences between the two rivals. The FN was more audacious and outspoken; the FT was more reputable and quickly became "the paper of the Stock Exchange". Indeed, in its very first editorial, the FT described itself as "the enemy of the company wrecker" - a none-too-oblique reference to the FN.

Although their financial results went up and down with the state of the economy, there continued to be room for both of them. In 1919 the FT was bought by the Berry brothers, who subsequently became the press Lords, Kemsley and Camrose. The FN was bought by Eyre and Spottiswood, the publishers, in 1928, led by Brendan Bracken.

Unusual takeover

Bracken was a protégé of Winston Churchill, became a government minister during the war and had a great influence on the future of both papers. There were discussions of a merger during the slump of 1931, but nothing came of them. The merger finally took place in 1945. One reason given was the continuing shortage of newsprint, even after the war, but it was probably also due

provide a better service than two.

It was an odd sort of takeover. The FN bought the FT for £743,000 - a large sum of money in those days. The merged paper was called the FT, but included many of the features and writers from the old FN: for example, the Lex Column and what had been founded in 1935 as the FN 30-share index. The FN also contributed Gordon Newton, who became the editor of the new paper in 1948, stayed till 1972 and did more than anyone to give the FT its present reputation.

Talent ground

Under Newton's editorship, it was expansion and improvement nearly all the way. Foreign news coverage was greatly increased, and a careful eye was kept on the arts - not least because Lord Drogheda, the chairman, was also chairman of the Royal Opera House. The paper developed talents: Nigel Lawson was a young feature writer; Shirley Williams and Norman Tebbit worked for it in more junior capacities.

In 1966 the paper sought to buy The Times with the aim of submerging it into the FT. The negotiations broke down over the price. David Kynaston, the FT's official historian, describes the merger talks as "the greatest might-have-been" in the paper's history.

Thus the FT went on its own way. The next big move, under the editorship of M H (Fredy) Fisher, was to start an international edition printed in Frankfurt. The first one appeared in January 1979. The paper is now printed in France and the east coast of the US as well and nearly one third of the circulation is overseas. The process of expansion has gone on; so has the continuous search for improvements.

In 1987 the paper was sold to what is now the Pearson Group, which continues to own it. New computerised printing technology was introduced in 1987: the printing now takes place at a separate site at East India Dock and at Easter 1989 the editorial part of the paper moved from Bracken House to

If a brand new reader of the Financial Times, with only preconceptions to go on, had picked up the paper for the first time during the third week of August he or she would have received a considerable surprise.

On the front page there were, of course, the sort of stories that a reader could reasonably expect to find in a newspaper specialising in business and finance. Considerable space was given to the latest episode in the saga of Sir James Goldsmith's attempt to take over and break up BAT Industries, the tobacco-based conglomerate, and to the impact of the latest trade deficit figures on hopes for a cut in interest rates.

For three days running, however, from Monday August 24 the "splash", the main front page story, was on Poland. The stories were there because it was seen as an important turning point in the history of communism and in relations between East and West, even though the outcome would have little immediate effect on stock markets or the value of the pound.

The run of front page stories continued that Thursday with the first interview given to a Western newspaper by Mr Tadeusz Mazowiecki, the first non-communist prime minister in eastern Europe for more than 40 years.

Mr Mazowiecki told John Lloyd, Financial Times reporter, and former New Statesman editor, how he intended to depoliticise the police, the army and media and make the state and the government, rather than the Communist Party, the focus of loyalty.

Since the 1960s, partly by design and partly by accident, a tradition of internationalism and strong foreign coverage has been gathering momentum at the Financial Times.

It is a tradition that received a significant boost from the UK's membership of the European Community and from the increasing globalisation of business and the financial markets.

For Sir Geoffrey Owen, the editor of the FT, it means a daily balancing act - making sure that the really significant world stories are properly covered without losing the attention of the small businessman or UK investor who may not be all that interested in international affairs. "We have to be careful not to be self-indulgent because we have a good writer in some far away place," says Sir Geoffrey.

The interest of some international stories, such as the moves towards a single Community market in 1992, are easy to judge because they affect everyone, directly or indirectly. "That's a story that's right up our street," he says.

More difficult to judge are the relative merits of business stories such as troubles of Saab-Scania, the Swedish automotive and aerospace group, and their collaboration talks with Ford, and Bowater's hostile bid for Norton Opax, the specialist print and packaging group.

"I think there is much wider interest in the troubles of Saab but more shareholder interest in Bowater and Norton Opax," Sir Geoffrey says.

Whatever the complexities of balancing the needs and interests of the FT's UK and overseas readers, the paper has long since committed itself to being an international newspaper and making available the resources that such a commitment involves.

The paper has 33 staff correspondents - from Singapore and Tokyo to Rio de Janeiro and New Delhi, as well as in the more obvious locations for foreign bureaux such as Paris, Brussels, Rome, New York and Washington. Each foreign correspondent costs, on average, about £225,000 a year to maintain. In addition, the paper has 13 full-time but non-staff correspondents around the world.

From Mr F.T. Reader.

Sir, Anglic economists dance on pins of monetarist theory. Devilish financiers seek to justify fund management mysteriously imperfect. It is only to be expected that the letters column in a first rank business newspaper should reflect the main preoccupations of its readers.

Mostly, but by no means entirely, letters written to the Editor of the Financial Times, are rooted in the realities of business: profit/loss, efficient/wasteful use of resources/human and material, the effect of domestic policies and legislation upon commercial and industrial activity. Mostly - but by no means entirely - you can hear the axes grind from here to yonder. Bankers vie with businessmen for the last word on cross-border company mergers in Europe, third world indebtedness to western

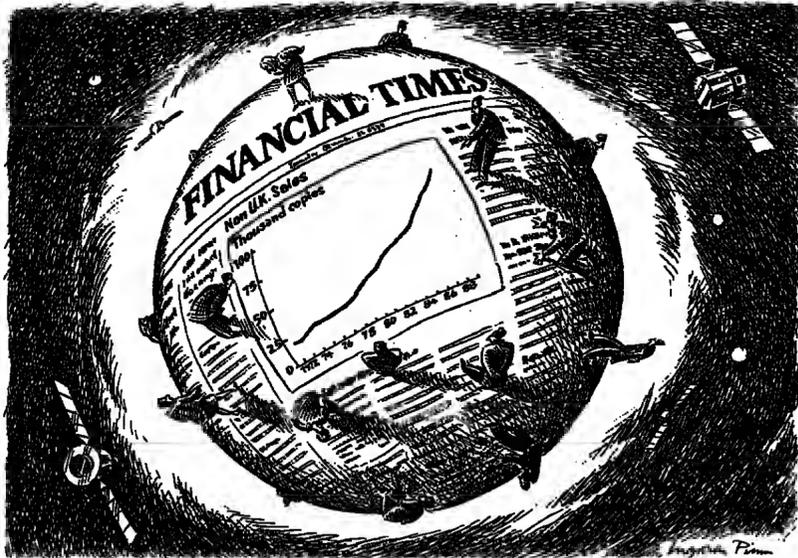
A shotgun wedding

Holland & Holland, the gunmaker, appears to have fallen to the French. Although there was no one around officially to confirm it, yesterday being a funny sort of day in London, letters have gone out to shareholders saying that there has been an agreed bid by Chanel.

Earlier this year there was talk of the gunmaker going to Asprey, the jeweller, which has premises just round the corner from Holland & Holland. It was thought to have been a good match, but no deal was worked out.

One of the Holland & Holland directors, Julian Cotterell, who was also unavailable for comment yesterday, is understood to have resigned in protest. He objects to such a traditional English company going to foreigners and says that there is no synergy between British gunmaking and French

Raymond Snoddy on the FT's commitment to the international approach



Investment in a global future

It means the FT has one of the largest commitments to foreign reporting in the European press. This commitment to internationalism is probably best symbolised by the decision in 1979 to create an international edition of the paper and print it in Frankfurt, making it the first British national newspaper to print daily on the Continent.

At the time it was a brave decision. It meant £3m off the paper's profits when the whole FT group was making less than £5m a year in pre-tax profits. However, it led to a sharp change in the paper's perception of itself and further encouragement to the creation of a more international outlook.

It was not just that the paper tripled its coverage of overseas companies, tripled its staffing of international capital markets and radically re-cast its foreign exchange and money market coverage but the outlook of its staff altered.

The motor industry correspondent, the textiles correspondent, the banking correspondent, the sub-editors and the advertisement representatives all imperceptibly began to change their view of their role as a result of the paper's expansion on the Continent.

Above all, the change accurately reflected what was happening in the world: readers, whether they were steel or computer industry executives, bankers or stockbrokers, and whether they lived in Manchester or Milan, increasingly needed to know what was happening in their industry worldwide.

Despite the fact that each overseas

printing operation costs between £1.5m and £2m a year in contract printing and transmission costs, the FT has already added two more sites - in the US in New Jersey and more recently at Roubaix, near Lille in France.

The evidence, so far, is that making the paper available in foreign markets by satellite on the same day of issue significantly increases circulation. When the American printing operation was launched in July 1985 the FT sold a mere 6,000 copies in the US. Now the figure is more than 23,000 and growing rapidly.

In the 18 months since printing began in Roubaix sales in France have increased by more than 20 per cent. The resulting distribution of copies printed in Frankfurt earlier in Germany, rather than sending the first copies printed there by road to France, has increased the FT's German circulation by nearly 40 per cent.

Overall, sales on the Continent have increased from 17,000 in 1978 to more than 56,000 and total overseas sales have reached 90,000 and are on a gentle but steadily rising curve.

UK sales have been more volatile, rising from around 170,000 in 1984 to a record of more than 230,000 at the height of the stock market boom in 1987, before slipping back after the crash to around 200,000.

The overseas expansion of the FT will continue next June when it starts printing in Tokyo.

Between now and the end of the century, if the economics justify it, the Financial Times could be printed

in Switzerland, Hong Kong, Singapore and Chicago and possibly even have a printing site serving the English-speaking markets of Australasia.

Already more senior European businessmen read the Financial Times than any other newspaper or magazine, according to recent independent market research. In the past three years the FT readership among all European businessmen has increased from 15 per cent to 20 per cent. The number two slot is held by the Frankfurter Allgemeine of West Germany.

The paper is read by 10 per cent of businessmen in continental Europe compared with 4 per cent for the Wall Street Journal Europe - the FT's most direct rival in the battle for the international business market.

The FT reader tends to be affluent, to own stocks and shares and to travel a lot. In the UK 50 per cent of the 750,000 readers comes from professional and managerial groups, 41 per cent is under 35 and 70 per cent of the business readership is of director or managerial level.

It is the nature of the average reader of the Financial Times that makes the paper so profitable, despite a total circulation of a little under 300,000 - tiny by the standards of popular dailies. The readers of the paper are so attractive to advertisers that 75-80 per cent of revenue comes from advertising rather than the sales.

In the half year to June the FT made pre-tax profits of £16.5m compared with £14.9m in the same period last year.

The use of satellite communication to print the FT abroad has been matched by a modernisation in the UK in the wake of what has been called "the Fleet Street revolution" - the introduction of up-to-date technology and the ending of traditional restrictive labour practices. The FT, like other national newspapers, has benefited enormously from the decision of Mr Rupert Murdoch, chief executive of News Corporation, to take his four national newspapers to Wapping over a single weekend in the face of a strike by printers.

In the past couple of years the FT has spent £70m on modernisation. The investment has covered:

- A new printing plant in London's Dockland's equipped with full colour presses. The plant will eventually have the capacity to produce 600,000 72-page papers a night. The latest inserting equipment, which can insert into the paper pre-printed material such as regional supplements, brochures or company reports at the speed the presses turn, means the number of pages the FT will be able to carry from next year will be greatly increased.

- A computerised editorial system which allows journalists' stories to go direct to computerised typesetting machines.

- The cost of more than 400 voluntary redundancies caused by the changes in technology.

Newspaper technology is still, however, changing rapidly and it will not be many years before it is possible both to assemble newspaper pages electronically and for the completed pages to go in the form of a digital stream straight to automatic platemaking machines. In effect, the newspaper production process will be so telescoped that the stage between the preparation of the words and their appearance on paper will virtually disappear.

The FT and its drive for overseas sales remains the core of the Financial Times Group although, in the past 18 months, a triple-track strategy has been put in place.

The second track involves acquiring or investing in similar publications in different countries. The strategy has led to the acquisition of Les Echos, the French business daily, the taking of a 25 per cent stake in the Financial Post, Canada's first business daily, and 35 per cent in Expansion of Spain. In addition, the "engagement" of the FT's parent company Pearson to Elsevier, the Dutch publisher, has led to plans for a Dutch business newspaper which would begin as a weekly and go daily at a later stage.

The third track is to exploit FT information through both electronic publishing and broadcasting.

In the past few months the company has set up a television division and has already acquired the European Business Weekly television programming company. This autumn the Financial Times Business Report, a five-minute business news bulletin, will be launched on Super Channel, the pan-European satellite television channel.

At the same time, the paper is in talks with the BBC for the creation of a special subscription television programme for businessmen to be delivered by BBC transmitters in a scrambled form to specially adapted video recorders in the middle of the night. Another possible partner is NBC, the US television network.

It is all a long way from the four-page broadsheet paper launched in London on February 13 1888 declaring itself to be the friend of "the bonest financier, the bona fide investor and the respectable broker" and equally firmly opposed to the "unprincipled promoter, the company wrecker and the gambling operator".

LETTERS

banks, PEPs ("personal equity plans" marketed to "small" investors seeking, perhaps for the first time, to put their savings or an inheritance into stocks-and-shares holdings).

You know better than I do, Sir, that the rights of a free press ring pretty hollow without a right of reply offered to readers; your generosity is legendary. But there is more to FT Letters than that. Where the correspondence columns of other broadsheet newspapers seem still to resemble a tribal noticeboard for what used to be the English middle classes, the quarter-page slot below the fold on your opposite-the-leader page is a rattling good international read; a forum of

daily debate across the English-speaking world. The level of debate is high; the tone moderate; the ironies ironed smoothly courteous. Age is no handicap to serious intent. Only a month ago a 14-year-old wrote to rebuke an FT arts critic for an apparently careless review of a Wembley pop concert she had herself attended.

There is nowhere like the FT letters column for watching lively contradiction and paradox fliz through "free" markets, "controlled" expenditure, "responsible" government. However courteous - even, on occasion, downright dull in tone, when statistics whirl like snowflakes through the sen-

tences - FT readers themselves can be relied on to expose in print those gaps between rhetoric and reality left open by politicians, city and City fathers, diplomatic spokesmen and public relations people.

If the tone is almost invariably serious - there is nothing frivolous either, about sniffs such as cycle lanes in jects and the cost of tap water - to complain of this would be to criticise unjustly the editorial policy of a newspaper at once a national and international business broadsheet and - I mean no disrespect, Sir - a parish magazine for the City of London. My only regret is that, given your determination to publish only those letters which, by virtue of informed discussion, serve the topic rather than the writer, I remain: F.T. Reader

OBSERVER

land & Holland is just under £11m - is likely to go ahead. Other directors own over 50 per cent of the shares. The chairman of Holland & Holland is Andrew Hugh Smith, better known as chairman of the International Stock Exchange.

Right place

The above story was a scoop - or scooped. The reason why it appeared in the Observer column was that the sums of money involved were too small to make the front or back pages, yet it was a sufficiently interesting deal for it to be worth more than simply recording in UK Company News. Holland & Holland and Chanel must be familiar names to many readers, and it was an unusual marriage.

Ritch and Bond



Observer is to write short and lightish items that will be different from - but not wholly out of tune with - the rest of paper.

STUDENTS

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SECTION I

Up front with the news

Economy Trends and indicators

By Peter Norman THE Financial Times provides a uniquely wide-ranging and dynamic coverage of economic developments in Britain and abroad.

It gives readers the comprehensive news coverage and background detail needed to understand shifts in economic policy-making and movements in financial markets.

It alone, supplies regular in-depth reporting and analysis of British economic indicators, such as the monthly retail price index and the balance of payments statistics.

As national economies are becoming increasingly interdependent, the paper has developed unrivalled coverage of economic trends abroad.

It has also shown itself sensitive to new concerns. The environment became an economic issue for the Financial Times well in advance of the discussion about green issues at this year's world economic summit in Paris.

In covering the British and world economies, the FT draws on the experience of a specialist London-based reporting team: the wisdom of Mr Samuel Brittan, the paper's distinguished chief economic commentator; the insights of its economics leader writers and the knowledge and enthusiasm of its large network of foreign correspondents.

A guiding principle of the FT's economics coverage is that it should be of use to all readers: the lay person as well as the specialist.

This means that the paper has a duty to explain events and statistics without resorting to jargon.

Parliament Conflict and drama

By Philip Stephens "Thatcher triumphs", "Government in U-turn", "Kincock faces leftwing backlash", "Labour dumps unilateralism". The glamour of a newspaper's political coverage is found in headlines like these, encapsulating the drama, conflict and contradictions of political life at Westminster.

They represent the purest of political stories - Mrs Thatcher's mishandling of her cabinet reshuffle in July is a good recent example - in which the focus is always on the next election.

The question, explicit or implicit, is whether the government of the day remains impregnable or whether there is, perhaps, a prospect that a change in the national mood or a shift in tack by the opposition might turn it out of office.

In between the heady, fascinating moments of high political drama, the business of government grinds on inexorably.

The way we study and work, our standard of living, the state of our housing or public transport, and the prosperity of industry and commerce are all touched - to a larger or lesser degree - by the daily decisions of ministers and officials in Westminster or Whitehall.

So the FT's extensive political coverage - provided by a team of six correspondents based at the House of Commons - aims to capture both long-term political trends and

to describe and analyse what is happening now.

The FT's Westminster staff tries to draw together the common political threads running through policies ranging from trades union reform, to monopolies and mergers policy, to replacement of the domestic rates with the poll tax.

In the process they also try to provide a glimpse into the personalities, the huckling and bargaining, and the humour which Westminster provides in abundance.

Social Issues Attitudes and society

By Joe Rogaly

"ARRIVING AT 11pm" says one FT writer of his visit to an Acid House party. "We were ushered through a posse of security men..." Another, Joel Kibazo, writes on a doubling in child abuse cases reported to the National Society for the Prevention of Cruelty to Children. "Poverty is back on Britain's political agenda," a leading article begins, going on to attack the then Secretary of State for Social Security, Mr John Moore, over one of his speeches. The "sociology of lager louts" is Michael Frow's topic; his conclusion being that "The nature of society is surely a subject at least as worthy of study as nuclear physics or monetary economics."

The FT carries enough sociological news, analysis and comment to fill a dedicated magazine every week, with plenty left over. Its correspondents on social affairs, the environment, and education, naturally specialise, while most FT writers know that these topics plus health, care for the elderly, child care, housing, the homeless, one-parent families, race relations and the like will find a home in the pink pages.

"There is no more distressing signal of the inefficiencies of the current housing market than the rising tide of homelessness," writes Hazel Duffy. Perhaps you would expect that in the FT but, if you didn't know us, you might not expect it: "If we are getting gradually more callous in our attitude to Third World refugees, it may be for the same reason that white South Africans get more callous towards blacks, or Israeli Jews towards Palestinians: we see them not as individuals but as representatives of a group whose claims could not be satisfied without the destruction of our way of life. It is a possible explanation, but not an excuse." The writer, Edward Mortimer, is our leading commentator on foreign affairs.

Education Chalk and change

By David Thomas

MANY PEOPLE are surprised by the space the FT devotes to education. All the recent tussles - from the Government's proposals for reforming universities and polytechnics, through to the introduction of the national curriculum and the row about teacher shortages have been covered.

The FT does not just record the educational news. It brings its analytical tradition to the educational debate. No other British newspaper has judged the changes to higher education in the 1980s important enough to merit a series of six

articles, running to almost 8,000 words.

There is no FT axe to grind over education. Much of what is written elsewhere uncritically amplifies the grievances of teachers or lecturers or is interested only in stories echoing the saloon bar opinions of an educational system going to the dogs.

The FT reaches its own conclusions, sifting through fact and opinion. It has called on the Government to make more money available for education, while, at the same time, detecting a touch of hysteria in the reports of widespread teacher shortages. It has predicted that most students will take up student loans, while also pointing to their disincentive effect on students from poorer backgrounds.

But why should a paper like the FT concern itself so extensively with education?

First, it takes seriously - without swallowing whole - the view that educational failure is at the heart of Britain's post-war economic malaise.

Second, the FT recognises that Britain's education is in the middle of the most profound set of changes for 40 years, a transformation with implications for every segment of British life.

At first encounter, the Financial Times may seem a bit of a handoff. It has two sections every day of the week, and on many days of the year a third or fourth section containing special surveys, like this one.

In January 1979, when the FT launched its international edition in two sections, such a newspaper was thought daringly uncintrinal or North American.

However, in the FT's case, the move to two sections reflected a combination of editorial judgment and production requirements.

The weekday FT was split into two

increasingly covering issues which affect people at work, regardless of whether they involve unions or disputes.

More than half the British workforce is not in a union. It is not just union power which has been transformed in the 1980s, but work itself, with the widespread introduction of new technology, new working practices and the growth of part-time and temporary work.

In the last year the Employment Page has carried series on skill shortages; the growth of women's employment; the impact of the decline in the number of young people in the 1980s and profiles of changing occupations.

Environment Greens and pollution

By John Hunt

CONCERN over pollution of the environment - from litter in the streets to the overheating of the Earth's atmosphere - has been growing steadily for the past decade. But it has been suddenly placed at the

top of the agenda in the UK as a result of Mrs Thatcher's speech to the Royal Society in which she pledged that the Government would tackle these problems nationally and internationally.

And it was the success of the Green Party in this year's Euro election in Britain which jolted the traditional parties and has made green politics a matter of urgent concern for them. For the past two years the FT has covered the Green Party's major conferences and the impact of the green breakthrough at Westminster.

The environmental revolution is having a dramatic effect on the business world. The FT Consumer Affairs staff has written on what this has meant for retailing and the impact on advertising, marketing and packaging.

In the boardrooms of big companies there is increasing concern to develop comprehensive strategies which will avoid damage to the environment as a result of corporate activities. Earlier this year the FT produced a supplement on industry and the environment which examined this problem in depth.

The intense interest in the need for a clean environment has opened up big opportunities for pollution control equipment. The Technology page of the FT has carried a series of articles on the significance of development in this field.

The FT has also covered the international gatherings concerned with the threat of global warming - the greenhouse effect - and the depletion of the ozone layer and the destruction of the rain forest in Brazil and efforts to link the reduction of third world debts to the preservation of the environment in these countries.

SECTION II

Companies and markets

UK companies Dry yet dramatic

By Clay Harris

Many a dramatic tale emerges from the tangled undergrowth of those apparently dry corporate numbers that make up the FT's UK Company News pages. But above all else, staff working for these pages face a daunting daily challenge that few other publications dare contemplate - they aim to be a Paper of Record.

This reflects in part the FT's origins as a financial newspaper, but mostly our continued commitment to cover UK corporate news to a breadth and depth unrivalled by any competitor.

The FT covers on these pages, which appear in Section II on weekdays and just after the centre feature pages on Saturday, the interim and full-year financial results of every UK company whose shares have a full listing on the London Stock Exchange or are traded on the junior Unlisted Securities Market and Third Market. Larger private compa-

nies are treated similarly. For many smaller companies, space considerations limit the coverage to basic data - profits, earnings per share and (of most interest to many readers) dividends.

For medium-sized and larger groups, however, the report is more detailed. Unless the company is being analysed by the Lex Column, the reporter adds a clearly labelled Comment. This identifies the salient points of the figures and looks forward to how the company and its shares are likely to perform in the coming year.

Hostile takeover bids, financial mismanagement, creative capitalists, boardroom hust-ups - are also covered.

Int companies Immediacy and insight

By Stewart Fleming

There is a long tradition of international political reporting in the United Kingdom, dating back in part to the colonial era, but none of the Financial Times's British rivals place the same emphasis on reporting international corporate news.

Over the past several years the resources which the paper devotes to international corporate reporting both in the UK and abroad has increased at a striking pace. Specialist writers in London cover industry sectors from a global perspective, taking as much interest in Mannesman Demag as in Davy International, or in Singapore Airlines as British Midland.

Their writing complements that of our foreign correspondents.

dents spread across the globe, who not only lend immediacy and authority to coverage of corporate news from those countries, but also inject local insight and colour that few other publications worldwide can match.

The factors behind the FT's heavy investment in the steady supply of reliable corporate news from all corners of the globe are easy to identify: more and more companies involved in export or import; others threatened by overseas competition; employees affected by foreign ownership of their companies; governments anxious to encourage foreign investment.

Growing sensitivity about corporate decisions on the global environment add another dimension to the way in which the corporate sector is affecting ordinary people. An oil spill in Alaska, for example, altered the perspective from which a spill in the River Mersey in the UK was viewed.

To help readers find more quickly reports about a company they have a particular interest in, we publish brief reports in the business summary column on page one of the FT, and an A to Z companies index on the front of Section two.

est to go on Page One. The section also carries UK and international company news, prices and reports from the world's stock markets and currency and commodity markets, and unit trust quotations.

But even after you wrestle the two sections in order, you may be tempted to ask: how can I hope to find my way around this paper? We are trying to make sure that the sign posts are there - just make sure you look first at the summary columns, the Contents panel on Page One, and the index and features panel on the front page of section two.

Capital markets Painting in the gaps

By Stephen Fidler

THE DISMANTLING of controls on capital movements in many countries in the 1980s has helped bring about significant growth in cross-border flows of money. It has been coupled with the increasing sophistication of investors and users of the capital markets, and new financing techniques which allow companies and investors to reduce (or increase) the risks they face.

All this has increased the importance of the capital market as an "industry" within many economies, especially that of the UK. It has also raised the relevance of the capital markets to other businesses, to governments and to the average citizen.

The FT's coverage of the financial markets attempts, first, to signal important developments and then, where necessary, to explain their importance to a broader audience.

How is it possible, for example, to finance huge takeovers affecting the livelihoods of thousands of people based on the creation of huge amounts of debt? Why have the activities of some local authority treasurers raised the possibility that local councils across the UK could go bankrupt?

Over the past year, the FT has increased its coverage of the international capital markets. We have increased the space devoted to international bond markets. Our coverage of the so-called derivative markets - futures, options, swaps

and the like - has had to keep pace with their growing international importance. In covering developments in the markets where users and providers of capital resolve their respective ambitions, the FT is painting in the gaps between its international economics and political coverage and its coverage of corporate and industrial affairs.

Commodities A valuable resource

By Max Wilkinson

ANYBODY interested in the world economy, especially with a tilt towards "green" issues, agriculture or the problems of third world countries, should look to the Commodities and Agriculture page in the second section of the paper.

The FT's natural resources group tends to focus coverage onto this page. The days have long passed when the page was aimed principally at traders wanting a guide to short-term price movements, though it still aims to provide a regular and up-to-date interpretation of the markets.

The broader focus, however, is on food and agriculture developments: fishing and forestry; the arguments over the Common Agricultural Policy; general developments in mining, oil exploration and production; the range of particular commodities, like tea, coffee, or wheat, both from a global perspective and from the point of view of particular countries.

Since the fate of many regions, and indeed whole countries, may depend on the market for one or two commodities, many of the articles spill over into more general topics, often with lively and colourful insights into the economic life in different parts of the world.

The production of all commodities confronts anxieties about the environment, which are increasingly becoming reflected in the news and feature coverage of the FT.

Currencies A global snapshot

By Dominick Cnyle

LONDON is the world's biggest centre for foreign exchange dealing - with an average daily volume of around \$187bn (£120bn). Next to London come New York and Tokyo respectively.

The Financial Times devotes a page to Currencies and Money every day. It contains reports on the foreign exchange and money markets, together with a daily analysis of transactions in so-called financial derivatives on the London International Financial Futures Exchange (LIFFE) and, where appropriate, from other derivative and cash markets. This coverage on the regular Currencies page is augmented daily by a wide range of statistical tables.

There is a spot and forward market in all main currencies, and many commercial banks will also quote a forward price for some of the relatively minor ones. These are published daily in the FT, but they are indicative rather than guaranteed.

This is because the foreign exchange market is very much a global business, and what the newspaper publishes is a snapshot each day at around the same time, or about 1800GMT.

The daily report aims to flesh out the snapshot of the market disclosed by the various FT market indices, and to provide the market trading backcloth to the stories on company news and takeovers reported elsewhere in the newspaper.

Above all else, however, the daily report tries to keep the reader informed of the actions and the views of the big investors - the investment institutions - and to draw attention to the chief factors behind their decisions. These issues are noted on the introductory note on the market, across the top of the page.

quoted here are the Sterling Exchange Rate Index, measuring the pound against a basket of other currencies, and the list of interest rates charged on loans of leading currencies.

To the right are Financial Futures, which are prices quoted on the London International Financial Futures Exchange or the Chicago futures markets for a wide range of futures instruments, including US, British, Japanese and German Government bonds, and the now-famed FT-SE Futures contract which is often seen as a guide to trends in the London stock market. The Standard & Poor's futures contract, which plays the same role on Wall Street, is quoted in the Chicago section of the page.

Money Markets, at the bottom of the page, carries loan rates from London and New York for cash and for the short term Government and bank scrip regarded as virtually an equivalent to cash.

On the Commodities and Agriculture page, the World Commodities prices carry price quotations from both London and New York for a range of "hard" (tin, lead, copper and zinc) and "soft" (cocoa, sugar, coffee and so on) commodities. Chicago, as befits its place in the geographical heartland of US agriculture, trades a wide

Pages that merit close study by both sexes

Terry Byland on the fine print to be found in the columns of share prices and other market statistics

In Some Like it Hot, Sugar, alias Marilyn Monroe, held that the wearing of spectacles denotes particular virtue in men because their eyes get that way from reading the share prices in the financial press. If that argument has any validity then those pages of market statistics at the back of the Companies and Markets Section of the Financial Times merit close study by both sexes.

The most prominent are the pages headed, "London Share Service", which carry the previous day's closing prices for both bonds and shares quoted and traded in London. "Closing prices" are the final prices quoted by the dealers who "make markets" in these securities. Usually this means the last price shown on the electronic trading screens but in fact a marketmaker can quote a new price any time - even after the screens are switched off.

The Share Service pages start with prices for British and overseas bonds, or loans. First are "British Funds", which are the closing prices for the existing loan stocks of the British Government. The lists carry a range of data, arranged in seven sub-columns, with headings at the top of each.

In order of immediate significance, the "Stock" sub-column

identifies the bond and the date on which the bond will be redeemed or repaid by the Government; the price sub-column gives the previous night's close, and the "plus or minus" shows the change since the close of the preceding trading session. The sub-column to the extreme left gives the high and low of the price for the year.

Bonds are mostly bought for income purposes, and the sub-column on the extreme right gives the annual income flow in two versions. "Int" is the interest yield, simply the annual dividend adjusted to the price of the bond on the previous day. "Red" is the total return if the bond is held to redemption, incorporating both capital and interest payment.

British Funds, or Gilt-edged securities, or Gilts are divided, in the market as well as in the FT columns, into "Shorts" (up to five years to redemption), "Mediums" (5 to 15 years), "Longs" (over 15 years), "Undated" and "index-linked".

Undated bonds, being redeemable only if the Government decides to buy them in,

Linked bonds are linked to the Retail Price Index, so two projected yields are shown in the FT, with their basis explained in footnotes.

Beneath the British Funds lists are those for some of the other bonds traded daily in London, which are reported in a similar fashion to Gilts. Loans raised by international bank and similar overseas institutions, or by UK local authorities or building societies, or by Commonwealth countries. Then comes a selection of foreign bonds, highlighted by a more extensive list of loans floated by US business corporations and traded in London.

The London Share Service which occupies the next couple of pages in the newspaper follows a similar pattern, with the important proviso that, since these issues are ordinary shares, the dividend may change, unlike the interest payment on Gilts, or even disappear from one year to the next.

Setting aside the quotations for American and Canadian issues which lead them, the

1989	High	Low	Stock	Price	+ or -	Div	Net	Cvrr	P/E
170	126	Airtours 10p	133	+3	16.25	3.2	6.3	6.0	
315	195	Anglia TV	248	+10	17.75	3.3	4.2	9.6	
168	109	Avco 1p	120	+2	91.13	8.9	1.3	10.4	
34	9	BCE Hldgs Sp	11 1/2	+2	0.4	4.6	-	-	
395	275	Barr & W.A.T. A	305	+20	15.0	1.7	6.6	12.3	
22	10	Bond Media	10	-2	0.2c	9.6	-	-	
540	225	Bossey & Hawkes	405	+10	110.0	2.5	3.3	15.9	
60	35	Border T.V.	55	+3	2.0	3.4	4.8	8.0	
317	Brent Walker 10p	358	+13	111.0	3.6	4.1	-	-	
	6pc. Cr. Cm. Rd. P/10	94	+2	6.0	-	-	-	-	
		94	+1	6.0	-	-	-	-	

shares are quoted under Hotels, Commercial Union under Insurances and so on.

Once again, the sub-columns quote the full name of the share (Stock), the last closing price (Price), gain or loss on the day (+ and -) and the High and Low for the year. The remaining sub-columns contain additional information on the share's performance. The entries under these columns, particularly the P/E and Yld Gr's, will vary with the share price and help to reveal what the stock market thinks about the shares prospects.

The "Div net" expresses in

deducted at the standard rate as is the custom with UK companies; a range of asterisks, daggers and similar printers' marks refer readers to the notes at the very end of the share listings, where extra information on the dividend is given.

"Cvrr" is the number of times the dividend payment is covered by total available earnings of the company, and provides an important measure of its security as an investment. Sensible investors, and that includes the big pension and investment funds, want to see plenty of cover for future divi-

Yld Gr's (yield gross) shows the gross (untaxed) dividend payment as a percentage of the share price at that particular day.

Broadly speaking, investors will tolerate a low dividend yield if they think there is scope for rapid growth in both future payouts and also in the share price. But if there seems little excitement ahead, then a higher dividend yield is the acceptable substitute.

P/e or price/earnings ratio is simple in concept but can prove a quagmire in practice. Simply divide the day's share price into the company's earnings per share as most recently stated, and you have the p/e ratio.

A high p/e usually means that the stock market expects earnings to grow swiftly, or perhaps that a takeover bid will be made. A low p/e is not necessarily a bad thing; it just means that the market values the share as a steady earner rather than a wildly exciting prospect.

Unfortunately, earnings are not always easy to define and

ings on what is termed the "net distribution basis".

Not all shares quoted in the FT have a p/e entry; in the case of plantation companies, mines or trusts, for example, earnings can vary considerably because of tax, production, or simply investment factors, rendering p/e ratios misleading.

Another substantial part of the FT prices service consists of the Unit Trust Information Service. These are the lists of unit trusts, each headed by the name of the managers, who each day supply the prices at which they will buy or sell units; on these prices are calculated the rise/fall on the day and the gross yield.

The Currencies, Money and Capital Markets page, by definition, carries a multitude of statistical information on trading in the various financial instruments. On the left-hand side of the page, under Foreign Exchanges, the day's prices for the pound, the US dollar, the Yen and for the other principal world currencies are displayed against the pound or the dollar or, in some cases in terms of

No FT...

FINANCIAL TIMES

...No Comment

Family and personal issues have their place

By JDF Jones, Weekend FT and Arts Page Editor

THE "Weekend FT" - the second section of the Saturday paper - deliberately sets out to be different from the normal paper.

To summarise that difference, the weekly FT is designed for the reader in his or her professional capacity; the Weekend FT declares that the week's work is over and assumes that the reader wants to turn to his or her personal and family concerns.

Five years ago the Saturday editions of the serious British newspapers were languishing, loss-making shadows of the dominant Sunday papers.

Today the Saturday newspapers are challenging the traditional Sundays (just look at the size of the Saturday papers).

The Weekend FT did this by

proposing the idea of a "weekend" paper - a newspaper that would offer not just news and features in the daily tradition but a more extensive, more interpretative and more leisure-related view of the world.

The idea was to offer, in the industry jargon, a "shelf life" of 48 hours rather than the notoriously limited 24 hours of a daily paper.

The FT being what it is, the emphasis is placed on the financial - but on the personal financial concerns of the individual reader.

But that is only the smaller part of the Weekend FT. There follows a newly-developed substantial section on the property market, both at home and abroad, leading to a whole range of articles about the (in

the widest sense) leisure interests of the reader. They include the "How to Spend It" page, articles by a team of food and wine writers, a travel section, a selection of outdoor pursuits including climbing, walking, sport, archaeology, ecology, collecting, reports from foreign correspondents and health.

Plus a double ration of the FT's arts coverage, and the FT Books pages.

There is one noteworthy point about the Weekend FT, which is that - unlike its competitors - the Saturday edition sells substantially more copies than the weekday paper. The explanation is that a large number of people take the FT once a week - on Saturday.



Sylvie Guillem as Nikiya in La Bayadere

Performance wins critical acclaim

By JDF Jones

CURIOUSLY ENOUGH, it still comes as a surprise to some new readers of the FT that it has a daily Arts Page - curiously because the FT arts coverage has been a respected part of the paper for more than 30 years.

That was the thinking, a generation ago, behind the decision to build up an unashamedly serious, some would say highbrow, arts service, even at a time when the paper was far more limited in range than it is today.

Lawyers must be kept well-informed

By Robert Rice, Legal Correspondent

THE Financial Times' daily coverage of UK and international company news, its activity, the Single European Market and the financial markets, makes it essential reading for lawyers and students of law.

As the legal profession itself faces up to the most fundamental change in its structure and working practices this century so the nature of the commercial lawyer's role is changing.

it aside from other British newspapers.

There is a very strong emphasis on the review rather than the preview or puff; on the report of the performance rather than a feature treatment or personality profile; on the insistence on rigorous standards of excellence rather than susceptibility to the latest fashion or trend.

This is the brief to which the team of FT critics works. The four theatre critics, fan out across the country; London and the principal regional centres like Glasgow or Stratford are obviously their priorities but on any evening they are as likely to be reporting from Scarborough or Mold or an East End pub theatre.

The half-dozen music critics find that they spend a higher proportion of their time in London but they also travel the regions since opera is an FT speciality.

The two dance critics and their visual arts and architec-

ture colleagues are particularly familiar with Heathrow because their respective disciplines demand an international perspective.

On the first four days of the week the Arts Page leads off with a regular signed column - on Architecture, Art, Television and Film, in that order.

The paper's approach to television, to take just one example, differs markedly from that of most other papers: rather than treat last night's TV programmes as the butt of a journalist's jokes, the paper employs an experienced and well-known commentator who writes about the industry in the kind of depth which cannot be attempted in a brief "overnight" notice.

As the paper has expanded abroad - and as the interests of its readers have become more cosmopolitan - the Arts Page has taken an increasingly international outlook, from the US, continental Europe and farther afield, so that the arts

lover can discover what events are taking place in the wider world.

The international editions carry a special digest of the detail of events worldwide, designed particularly for the international traveller.

The commercial side of the arts is acknowledged in daily Saleroom reports and a regular Sponsorship column.

On Saturday, in the Weekend FT, the arts critics allow themselves to relax a little and write in more of a feature style about the developments behind the week's performances, the festivals they have visited and the controversies in their various worlds.

Literature is handled separately, on the Saturday Books pages, by the Literary Editor and his large team of book reviewers. Business-related books are reviewed separately from time to time. And on Thursday there is a special book slot on the main leader page.

Anything you always wanted to know about everything

By David Dodwell, Surveys Editor

NO, FT Surveys are not opinion polls. Maybe we should call them special reports or supplements, but for reasons that no-one quite seems to remember, we have for decades called them surveys.

We publish around 250 of them a year on subjects split into five broad categories - country surveys, technology, business and management, British regions and property, and leisure.

Other newspapers publish supplements, but none on the scale - or aspiring to the same journalistic authority - as the FT. In any one year, we will publish around 50 country or international surveys - which may range from four pages on the Turks and Caicos Islands, Mauritius or Hokkaido to six pages on California, French Banking or Aviation in Asia and the Pacific, to 18 pages on Nigeria or Italy, or eight pages on South Africa or Taiwan.

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Sharp, knowledgeable and rather rude

THE FT provides space for strongly expressed views covering a wide range of subjects, stretching well beyond business and economics.

For the financial community, the Lex Column, which occupies this slot, is required reading. Indeed, the paper is often read back to front in the City: a quick glance at the front page headline, then a flip over to the back to see what Lex has to say about the main financial news of the day.

As the paper's editorial voice on the affairs of companies and securities markets, Lex aims to be sharp, authoritative and, rather rude, thus:

The rate of technological change and regulatory response is so unpredictable that it is a mug's game to try and predict what is going to happen two years hence, let alone more than a decade. So Rascal Telecom's argument that the net impact of the new competition will be marginal is rubbish.

Lex's remark is international, and is not just confined to stock markets.

BR's claim to be a railway in profit for the third year running is true, but hardly fair. Back-of-the-envelope arithmetic suggests that the Broadgate property development alone has made three times more money for BR than the meagre £67.9m surplus its rail network has produced since 1986.

The paper's financial comment goes well beyond Lex. In his "Long View" column every Saturday, Barry Riley looks at broader issues through a business perspective.

The name must have a lot to do with it: who would want to be known as a ticket tout? Would a stockbroker like to be called a securities tout? Yet both are no more or less than dealers in the secondary markets for various sorts of paper.

Or again: An Englishman's home might be his castle but, in the past few months, a Scotsman's has apparently been a better investment. That is probably, however, no more than a temporary sign of a change of trend. There is no need to move to an executive estate in Aschermuchty.

The paper carries a great deal of economic commentary. One of its best read features is the Economic Viewpoint written each week by Samuel Britan, the paper's principal economics commentator. He, too, extends rigorous analysis across a broad subject range.

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Opening Britain's doors to Hong Kong immigrants is the biggest single contribution that could be made to improving Britain's economic performance. The trade figures are over-

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cess stories would, instead, have been China, India or Brazil.

In the same space, Michael Prowse addresses social issues:

The rising tide of discontent in the NHS is not necessarily a sign of the intrinsic inadequacy of a public service nor proof of the insatiability of demands for medical treatment. It is better interpreted as evidence of calculated underfunding. Such a policy may be designed to create a constituency in favour of free-market radicalism, but it does not amount to an economic argument for upheaval.

Or again: A National Curriculum, whatever its other advantages, is going to crush experimentation and reduce choice and diversity. It also threatens to make education a political football. Those who cheered Mr MacGregor's intervention should wonder how they would feel if a Labour Education Secretary were to demand extra courses on the rise of working class solidarity in the late 19th century.

Rogaly, the political commentator, takes a broad view of his responsibilities: Another day I was drinking again, this time in a shebeen in a black township near Durban. Don't ask how I got there. It was a classy shebeen...

Or on a different occasion: I have news for the Archbishop of Canterbury. He ought to have been at the Ebenezer Baptist Church in Atlanta, Georgia, yesterday morning... he would have seen... St John's... I joined my family to his... she said... I got my thrill but it wasn't from Blueberry Hill - it was from God.

Another weekly column addresses foreign affairs. In the view of Edward Mortimer: ... the idea of sentencing a writer to death for what he wrote is just as offensive to modern Western sensibilities as the idea that Christ might have liked to make love to Mary Magdalene, or that the Prophet might occasionally have listened to Satan, is to traditional Christian or Moslem ones.

This column also expresses forcefully views: Those who favour preserving economic ties with South Africa in present circumstances have to face the fact that in so doing they strengthen those in power; and so prolong the life of apartheid. Those who genuinely wish to accelerate change have to accept that in the process they are likely to make things worse for many black as well as white South Africans in the short run.

There are other homes for strongly expressed views. In the Lombard Column on the main features page, for example, Martin Wolf writes: Over the last twenty-five years, the world's most consistently successful economies have been Hong Kong, Korea, Singapore and Taiwan. Yet the Korean domestic market for manufactures, the largest of these four, is roughly the size of London's. Twenty-five years ago its domestic market had the purchasing power of a borough like Southwark. If size of domestic market were what matters, the great developing country suc-

So the FT is not just concerned about the price of War Loan.

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Upheavals put sparkle into accountancy's image

By David Waller, Accountancy Correspondent

Contrary to its somewhat dull image, the accountancy world is going through an exciting patch at the moment. And the Financial Times is the only daily newspaper to have a full-time reporter covering these issues.

His job is to write about the industry for the benefit of those working and training as accountants, but also for those who avail themselves of accountants' services or feel the need to puzzle out the arcane intricacies of technical accounting issues.

The big firms are all busy merging - or not - with one another, for no very obvious

strategic reasons. They are riven with conflict between old-fashioned auditors and go-getting management consultants. In the UK at least, they are bracing themselves for the shock of turning themselves into companies and taking on board outside investors.

While the profession goes through all this upheaval, clients are feeling a creeping sense of disquiet. Is it not possible, a finance director is entitled to ask himself, that the quality of service is falling while the firms jump into bed with one another? Or that the range of choice has diminished with the consolidation of the

industry into four or five mega-firms?

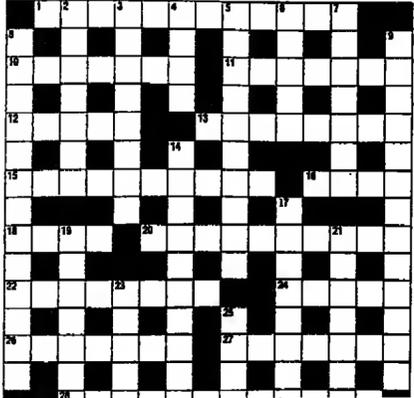
Meanwhile, users of accounts - merchant bankers, investors, corporate predators and the like - are bewildered by the meaning of the figures emerging from numbers of large, apparently reputable companies. What on earth is good/will? Is accounting for brands anything other than jiggery-pokery? If so, how is it that companies failing to ascribe a value to their brands are left with a yawning void where their balance sheets should be? The chief forum for the FT's coverage takes the form of a weekly column, published on Thursday to coincide with pages of job adverts for accountants.

Large surveys will appear as a separate section inserted into the main paper. Others will appear as an integral part of the first section of the FT, with those of a financial leaning normally appearing in section two. The contents panel on page one will always pinpoint the survey of the day. During peak months from April to July, and September to December, there may be two a day.

We publish a guide to forthcoming surveys, updated every month. Call Ann Davies on (01) 873 3407 and she will send you the latest copy.

Market research tells us that very few FT readers try to digest a survey on the day of publication. Most will file it for future reference. A business man headed for Korea would often carry with him a copy of the latest surveys on that country. Most university or college libraries keep them on hand for undergraduates and postgraduate researchers.

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PRIZE CROSSWORD

Prizes of £10 each, to students only, for the first ten correct solutions opened. Solutions to be received by Monday November 20, marked Special Crossword on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL, quoting name of college and/or NUS number. Solution and winners in FT on Monday November 27.

- ACROSS 1 Compete at Braemar and bear the costs, perhaps (4,3,5) 10 Come forward with an offer (7) 11 Maigret in pieces of synopated music (7) 12 Quarrel and bolt (5) 13 With which the geometrician does the splits? (8) 15 Rush a number of deliv-artas and aad a bill (10) 16 An odd sort of plant (4) 18 River trial (4) 20 A jolly old fellow from the last war (10) 22 Pat not walk, though... 24 Brainwave from the scalp, happily (5) 26 Furze divina where druids sit (7) 27 English bog, o'er the lea, living close to the ground (7) 28 In this inert state, Sia Ilaas Lan's excitement (12) DOWN 2 Trouba with varbs in old English? Sea the head! (7) 3 Braad-board? (8) 4 Hurried and fell, we hear...

FINANCIAL TIMES PROFILE

JAPANESE COMPANIES: you might be considering going to work for one. Paul Abrahams examines the myths and the realities

Out with the aerobics, in with autonomy

TRYING to find a Japanese company in the UK willing to admit its origins is far from easy. Most insist they are British or, at very least, international concerns.

One of the reasons for this unusual anti-nationalistic fervour is that in the past Japanese companies' reputation as employers has not been particularly sparkling.

The common preconceptions of compulsory exercise classes, company slogans and uniforms are, for the most part, unfair. But a more justified criticism

had been unable to adapt to the European graduate recruitment system.

Although the company had attracted a number of what he described as high-flying graduates and sent them to Japan for a year, most had become disenchanted when they returned because they were placed in humble jobs without much scope for initiative. This, he explained, was similar to the system in Japan where graduates are not given much responsibility until they are in their thirties. Most of the British graduates had left or were leaving, said the spokesman.

That sort of experience is becoming the exception rather than the rule. Many European-based Japanese companies, in both the manufacturing and financial sectors, have created highly attractive programmes for their graduate recruits. With the cost of keeping a Japanese manager overseas estimated at more than \$250,000 a year, Japanese companies are having to recruit local managers - and retain them - through attractive salaries and career packages.

"Things really have changed," says Rob Ambridge, a personnel manager at Nomura International, the Japanese Bank. "Five years ago you could have justifiably said there was a ceiling at which Europeans had to stop. That wasn't necessarily true in terms of responsibility."

"That has now almost completely disappeared. Someone joining now could rise to the highest levels. Of the 22 most senior managers at Nomura, 10 are British. The trend is definitely in the right direction," he says.

Other Japanese companies are also offering considerable responsibility. Sheila Cork, the personnel manager at Sumitomo Bank in London, explains that European graduates are encouraged to take on respon-



Mark Dew (left) and Stuart Birrell: The uniforms took some getting used to



of Japanese working practices is that non-Japanese employees are given few opportunities for independent decision making. Local branches tend to have little autonomy from head office in Tokyo and most of the decisions in the local office are made by Japanese, in Japan.

To some extent that reputation as poor employers of graduates has been justified. A spokesman for one large Japanese manufacturing company with production capacity in the UK admitted that his company

had been unable to adapt to the European graduate recruitment system.

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Cork adds that some of the Japanese employees at the bank also report to Europeans - a procedure which, she admits, raised Japanese eyebrows elsewhere in the City.

That revolutionary philosophy of appointing Europeans over Japanese has also occurred at Nissan UK, the car manufacturer based in Sunderland. Only 40 of the 2,500 employees there are Japanese, and most of these are there short-term for special projects. The managing director is British, and only three direct line managers are Japanese.

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This view is supported by the experience of Alasdair Stephens who spent a year of

his sandwich course at Thames Polytechnic with a Japanese financial information vendor. He was sufficiently impressed by the experience and responsibility that he decided he would only apply to Japanese companies at the end of his studies this year. He is also teaching himself Japanese.

A further advantage of working for Japanese companies is their financial strength. This gives Japanese companies considerable clout both in industry and in the City. Eight of the world's 10 largest banks are Japanese. Sheila Cork says that the respect that graduates can receive from clients when working for the Japanese is out of the question.

Japanese companies are prepared to take a long view. They are unlikely to enter markets and then leave them quickly, like many European concerns. This can offer a stable environ-

ment, a long-term training programme and secure career path.

Nevertheless, there are significant cultural differences between the Japanese and Europeans which need to be overcome. "Business protocol in Japanese companies is very different from that in European ones," explains Ms Daidra Stipnieks, a course organiser at London University's School of Oriental and African Studies, which runs courses for people working in Japan or in Japanese companies.

"It's possible to come up against a brick wall at work. But the Japanese won't tell you what the problem is because they are so polite," she warns. "The experience of working for a Japanese company can be rewarding, but it needs to be approached carefully."

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Life in a novel and expanding environment

ON VISITING Nissan's plant in Sunderland, the chances are that you won't see anybody from Japan. Mind you, that's not surprising given that only 30 of the 2,500 employees there are Japanese.

But, despite its workforce, Nissan Motor Manufacturing UK is not a typical British company. For one thing, everybody, from the workers on the shop-floor to the (British) managing director, wears light blue uniforms. Around Sunderland, the workers are known as the Kwik Fit Fitters.

"I hate going outside in uniform. You get some really odd looks when you're doing the shopping in Asda," admits Stuart Birrell, who graduated with a degree in electronic engineering from Heriot-Watt University in 1986 and joined the company in December 1987. "But they do have the advantage of being practical and if they catch any sparks and burn, the company just replaces them."

Stuart says the uniforms are one of the few disadvantages of working at Nissan. His preconceptions of working for a Japanese company - exercise classes, company anthems and slogans on the walls of the factory - were quickly dispelled when he visited Nissan's main manufacturing plant in Sunderland for final interviews.

The attractive location and starting salary helped Stuart make up his mind to join Nissan. But he believes the most valuable benefits from the job - the experience and responsibility he has received - were not apparent until he actually joined the company.

"One of the advantages of working in a novel and expanding environment is that I've had about as much responsibility as I could possibly handle," he says.

He points out that the company is expanding rapidly. In April 1986, the first trial assembly car was completed. This year, the factory is expected to produce 76,000 cars - and output should reach 100,000 by 1992 after the new body-shop is finished. Nissan expects to increase its workforce from 2,500 at present to 3,500 by 1992.

"It's a young company and the systems are surprisingly flexible," says Stuart. "The trainees are thrown in at the deep end and given a surprising amount of freedom. That means we're given a good opportunity to have a go and shine."

Mark Dew, who took a BSc in industrial studies at Sheffield City Polytechnic and is now a controller in charge of purchasing at Nissan, adds that what attracted him to the company was the attitude of the workers at the plant.

"People on the shop-floor actually appeared happy when I visited Nissan," says Mark. "When I visited another automotive manufacturer with the object of deciding whether I would take a job there, I saw people with their feet up reading newspapers. They heckled the managers when they passed and made it clear which side of the cage they thought they were on. At Nissan they were active and getting on with the job."

Mark adds that the relations between the workforce and the management are also very different at Nissan from the other automotive plant he visited.

The uniforms are more than symbolic, he says. All of the managers work in open-plan offices, except the managing director and deputy managing director. There is only one canteen and there are no special parking places for managers. One result of this is that although there are no salary deductions for lateness or absenteeism, these rates are under 3 per cent.

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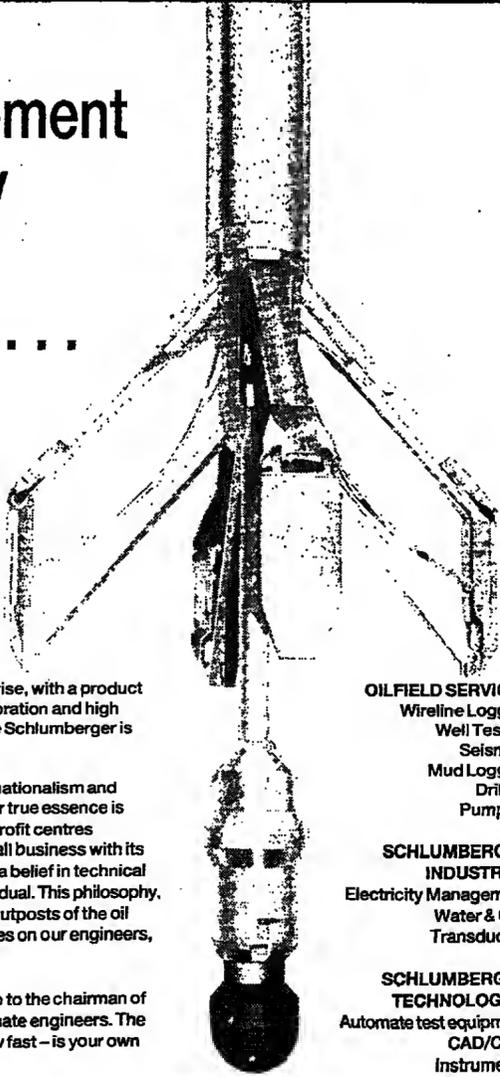
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MILK ROUND

Death much exaggerated

Changing recruitment patterns

ONE are the days when recruitment activity was almost totally concentrated between January and March. It is becoming stretched at both ends, June and July, in particular, are now months of intense activity as employers try to plug gaps left over from the Milk Round and as students who have postponed their decisions consider the options.

Large summer graduate recruitment fairs, where dozens of employers set up stands to conduct what often amount to first interviews with queues of students, are now established parts of the scene. This year there were 13 organised by the college careers services, ranging from Belfast to Birmingham, and from London to Liverpool.

There has always been a certain amount of recruitment in the autumn term, notably by the chartered accountancy and law firms, who fill their complements earlier than most employers. But other employers are beginning to intrude into this time when, by tradition, final year undergraduates begin to make up their minds.

The careers services have organised three autumn recruitment fairs this year. The first, in Leeds at the end of September, did a roaring trade, mainly with 1989 graduates still looking for work.

Two inter-related pressures have combined to stretch the recruitment season. First, employers are finding it more

difficult to fill all their vacancies in the Milk Round. Second, students are aware that market power has switched in their favour, so many are delaying their decisions into the summer - or beyond if they take an extended holiday after finals.

Many of the bigger and more prestigious universities which have generated most Milk Round activity in the past are reporting a decline in the number of job interviews held on campus between January and March - a trend which has led to excited predictions of the Milk Round's imminent demise.

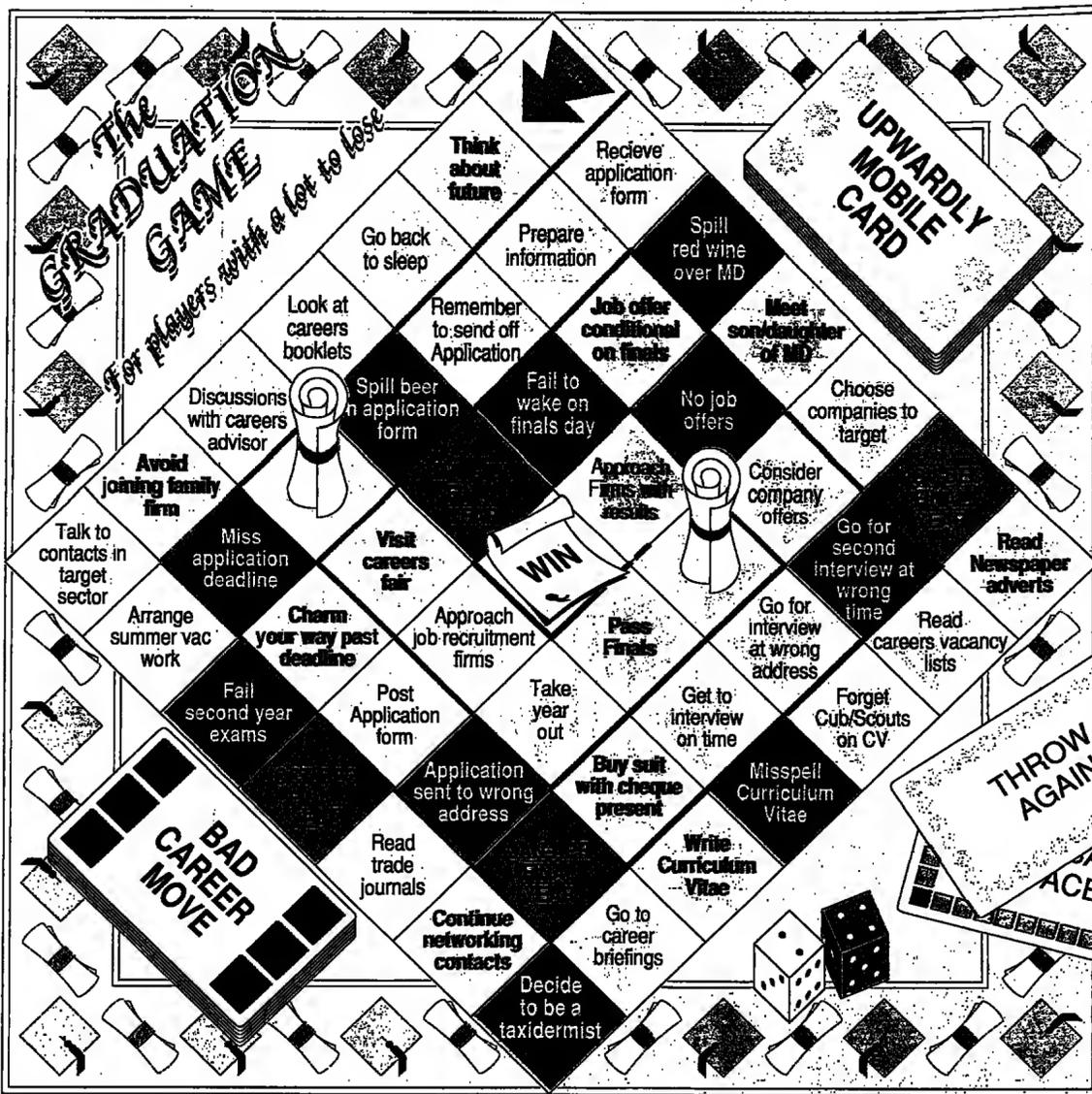
Talk of the death of the Milk Round, however, is much exaggerated. For a start, campuses which have been ignored by some employers are seeing an upsurge in Milk Round activity. This is notably true of the polytechnics.

Moreover, it remains true that most blue chip recruiters fill the bulk of their graduate vacancies in the spring term. You risk having to settle for the second division of jobs by postponing your applications.

On the other hand, if you are star material, you will have no problems finding a job at any time of year.

The upside of the tighter graduate labour market is that students have much more choice. The downside is that this complicates the process of getting a job no end.

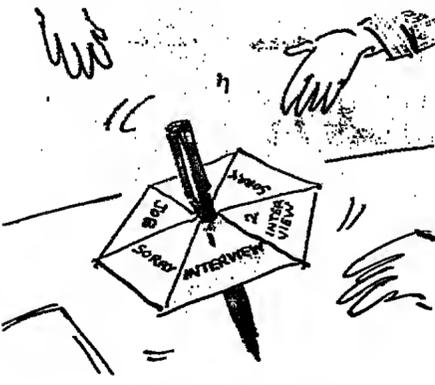
David Thomas



The Graduation Game for whiling away the hours between dawn and the postman's knock

LINE & LINE

Michael Dixon on the weird, wonderful and often unreliable world of tests set by employers - plus tips on cheating



Tests score no better than chance

LIKE IT or not, final examinations are not the only test a lot of aspiring graduates will be taking in the coming months. Those applying for jobs, particularly with big organisations, have a high chance of being put through assorted tests in the process.

The psychologists responsible for them do not like them to be called tests. They prefer to call them "instruments", "profilers" and the like, on the grounds that they do not set standards and so cannot be either passed or failed.

All they do is measure attributes such as personality traits and intelligence (although what is measured is only one of several aspects of intelligence - the ability to deal rationally with information expressed in symbols). Even so, since the results cause some applicants to be rejected, such devices are tests in effect.

Why they are in growing use by employers is a controversial question. Most organisations' personnel staff would probably answer that, compared with the time-honoured interview, tests are more reliable in identifying the candidates most likely to be good workers. But the evidence available hardly supports that claim - or, at least, not for every type of test.

Not all of them are the products of modern psychology. For instance, if candidates are asked for the precise time and place of their birth, for body measurements or to apply in their own handwriting, they are almost certainly going to be assessed by astrology, morphology or graphology. There is also a fair likelihood that the employing organisation is based in France where, for some reason, such methods are

Boring but bright

"WHEN PEOPLE are more intelligent than you are, how do they show it?" The psychologists who stood on street corners putting that question to passers-by often received a disconcerting answer.

The main aim of the questioning, carried out in the US not long ago, was to find out if men and women in the street rank their fellow-humans in terms of greater or lesser intelligence. Certainly it was known that academics and other much educated folk do so, regarding high intelligence as indispensable for managerial and high-grade specialist work.

Yet nobody had apparently ever established whether the general public do the same. So the psychologists went out checking, and found that they do.

Many of the passers-by even admitted that they were less intelligent than people they knew. On being asked how the others showed their superior capacity, however, a lot of them replied: "By being boring."

The description has more than one link with the tests of Intelligence Quotient which

many employers use when selecting for higher-ranked jobs. It was a psychologist named E.G. Boring who coined the best known definition of what IQ yardsticks measure. He defined it as "the capacity to do well in an intelligence test."

He might have added that it is a capacity more likely to be well developed in people with higher education than those without it. For the aspect of intelligence assessed by IQ tests is essentially the ability to deal rationally with information expressed in systems of symbols, such as words and numerals, and that ability is decisive to success in academic studies.

How far it is decisive to success in managerial work, particularly, is another matter. For most of the 108 years since the founding in America of the first university management school, academic and managerial aptitudes were assumed to be closely connected.

But more recently this assumption has come under mounting criticism from management theorists as well as practising executives.

For example, to the extent to which high IQ is linked with powers of logical thinking, it might seem to be central to managerial activity. Nevertheless, an influential study by the US academic and company chief, Dr Richard Boyatzis, found that logical thinking was not related to success in management jobs.

Perhaps the root of that puzzling finding lies in a flaw in conventional assumptions

about the way in which the mental part of managing is done.

The work is typically dynamic in consisting of a series of fast-changing challenges - up comes a problem demanding action which creates a fresh problem demanding new action, and so on.

The conventional belief is that managers have in their heads a set of principles of the sort which can be enunciated by a lecturer and written down in a notebook.

But recent studies suggest that managers rely on thinking of a different kind. On being confronted with each new challenge they look back on their experience, asking: "In which ways is this situation similar to others I have handled in practice with results of the sort I wish to produce now?"

They then act accordingly, without bothering to think out the principles.

Although such discoveries have created turmoil among theorists concerned with how mentally demanding work is achieved, the implications are as yet nowhere near worked out. In the meantime, management still has to be done, and organisations need to recruit people to do it.

Moreover, despite IQ tests' faults as a means of identifying high-grade work skills, they are superior to the average interview. Research has shown they are about 12 per cent more accurate in their predictions than can be accounted for by chance.

"The Competent Manager" by John Wiley, 1982.

Never answer never

NO MATTER how much recruiters insist that there is no sense in themselves or applicants misleading one another, the senseless usually takes place. Both parties are in the selling position, and the recruiter can no more be guaranteed to volunteer damning personal knowledge about the candidates than the candidates can be relied on to do likewise about themselves.

While economising with the truth may be frequent in interviews, however, it is more difficult for job-seekers to cheat effectively in selection tests. Those trying it are likely to end up being detected and rejected, whereas straightforwardness might well have won them the post.

That is not to say successful cheating is impossible. It has been shown that natural performance, even in IQ tests, can be improved by practice on sample questions. Most personality tests, on the other hand, are cunningly devised to detect lying whether of the haphazard or merely truth-stretching kind.

Of the two types of traps, the one set for a habit of outright lying is the easier to spot and deal with. For example,

sprinkled among the questions will be queries such as: "How often, when something is really your fault, have you blamed it on someone else - never, rarely, sometimes, often, or always?"

The rule is never to answer "never". Although it is perfectly possible that someone doing so is a reincarnation of George Washington, the tests are based on statistical probabilities. Since it is improbable that any of us has lived without ever blaming our own errors on others, or the like, the test will take even one

any discrepancy in the replies. A system for dodging such traps was suggested by William H. Whyte, who wrote about personality tests, in his book 'The Organisation Man'. He claimed that effective cheating could be achieved by divining what sort of personality the employer wanted and rehearsing oneself in it until it became second nature.

Unfortunately, it is usually hard to find out what kind of personality is wanted. So Whyte reckoned that the best practical policy was to adopt a "safe profile" at which employers would at least be unlikely to take fright. It could be taken on by repeating the following statements until they look unconscious: root:

- "I loved my father and my mother, but my father a little bit more"
- "I like things pretty well the way they are"
- "I never worry much about anything"
- "I don't care for books or music much"
- "I love my spouse and children (if any)"
- "I don't let them get in the way of company work."

Even so, before job-seekers use Whyte's system in earnest, they would be wise to try assuming the safe profile for a lengthy period in the company of people they know well. Unless the audience receive the performance without comment, and preferably then go away and talk anxiously about how their friend has changed, it is better to play the tests square.

* Pelican, 1960.



Cult of the personality fit

IT IS a truth universally acknowledged by employers that personality is highly important to success at work. Many of them go farther, claiming that it becomes more important with increasing seniority of rank.

The reason is that, except in the most isolated of back-room jobs, even the highest technical expertise will not make up for failure to get on well with other people. And ability to win other people's good will - whether they be working colleagues or influential outsiders such as customers - is usually thought to hinge decisively on personality traits.

Yet most organisations still devote far more care to ensuring that would-be recruits' technical skills match the demands of the job, than to examining whether their personalities will fit those of the people on whom success in it depends. The recruiter's judgment on that crucial matter is usually left to intuition.

An increasing, although still relatively small number of employers, however, have decided that personality-fit is too important to be left to hunch. Instead, they seek to identify whether job-candidates' traits are suited to the work by various methods of

tain weakness in that nobody can be sure that any such thing as personality really exists. For instance, even if you cut people up until you were crimson to the elbows, you would no more find their personality than you could their soul. Even so, there is empirical evidence that all of us have our characteristic ways of behaving and these do not change markedly.

Leaving out astrology, the bulk of tests in use by recruiters are of two main types distinguished by the assumption on which they work.

One type - called "projective" tests - assumes that, although our personalities are determined inwardly so that even we ourselves cannot know them directly, we unconsciously project them in patterns of behaviour that can be "read" by other people who know the requisite codes. Graphology which takes handwriting to be a projection of personality, and morphology which takes it to show up in body measurements, are both tests of this type.

Another example more widely favoured by employers is the "assessment centre". Under the eyes of trained assessors, candidates are set to work by various methods of

in the actual jobs for which they are being considered.

Assessment centres are essentially elaborations of the "work sample" exercise in which candidates tackle a smaller range of tasks. Studies by Dr Ivan Robertson and Dr Mike Smith of the University of Manchester Institute of Science and Technology suggest that such exercises are one of the most reliable tests. Even so, their predictions of real-job success are only about 21 per cent more accurate than predictions that could have been made on the basis of pure chance.

A less energetic form of projective testing consists of getting candidates to "make up their own stories" about the patterns suggested by ink-blot or about pictures. An example is a hazy sketch of a man wearing only trousers with one arm flung across his brow, standing by a half-curtained bed with a naked woman lying limply on it, her face turned away.

Dr Peter Saville, of the consultant psychologists Saville and Holdsworth, is still wondering how to interpret the description of that sketch which one woman gave him some years ago. It showed, she said, "a man waiting for a 92

meet are the second main type, which take a more straightforward approach. Instead of trying to divine people's make-up from actions and so on of which they may not themselves be aware, the second type simply ask them to indicate their own pattern of behaviour by answering questions either in printed form or on a computer screen.

Their replies are then analysed to see where they stand on a "map" of personality factors which research has shown to characterise large numbers of people. Each factor is marked off by a pair of opposite extremes, such as humility at one end and arrogance at the other, although most of us turn out to be of more moderate disposition somewhere in between.

Provided that the test in question has been widely taken, the individual map of each job-applicant can be compared with the maps of many others who have been successful in the same kind of work.

Among the traits that up-to-date versions of such tests measure are people's propensity to tell lies even if only by faking more socially desirable attitudes than those they really have. Since the lie-detect-

لا تتركها

WOMEN AT WORK

Here's to you, Mrs Robinson

John Gapper on breaking old employment patterns

IT HAS been dubbed the Mrs Robinson syndrome - an obsession with mature women and new graduates.

The problem facing employers is how to break the pattern of undervaluing the female half of the workforce.

The recruitment of sufficient female managers and senior employees is becoming vital, partly in order to keep up the numbers of the two sexes combined.

The gender imbalance in employment patterns is both vertical - the more senior the post, the less likely it is to be held by a woman - and horizontal. Women are most likely to be employed in services, forming the majority in health services and footwear and clothing.

The effect in industries such as construction or engineering is to make it particularly difficult to persuade women at all occupational levels that equal opportunities are a reality.

These worries are only increased by the number of women graduates and their segregation across academic disciplines. The number of women graduates has risen to 43 per cent of the total in universities and 46 per cent in polytechnics, and the proportion is projected to continue growing.

Women remain concentrated in the arts, social and life sciences. They still comprise only 8.5 per cent of those graduating in engineering. In physical sciences, the proportion is 25 per cent and rises to 35 per cent in mathematics.

The effect is to make it difficult for companies such as British Petroleum, looking mainly for engineering and science graduates to increase the proportion of women among its senior employees. BP is one company that has been consciously attempting to do so.

Four years ago, BP started putting a strong emphasis on increasing the number of women in senior positions. Since then, the proportion of women among its graduate recruits has risen from 15 to 25 per cent. But it has only 40

women in the most senior jobs, and none on its board.

In common with other companies, it has persistent problems in retaining female graduates. The wastage rate among female graduates is twice as high as among men. Fifty per cent of women graduates leave BP within eight years of joining; the corresponding period for men is about 20 years.

The company is now trying to raise the number of female graduates it recruits, develop their careers, and find ways of retaining them while their children are young.

BP is far from the only company thinking again about how to recruit and retain women graduates. On the mobility question alone, large retailers such as J Sainsbury are considering placing less emphasis on a manager having to be free to move between regions on request.

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Are equal opportunities a reality in certain sectors?

Many large employers have also been changing their policies on career breaks for women who have children. Such schemes - offering breaks of up to five years with a guarantee of a job at the same grade back at the end - are now on offer in all the clearing banks.

But the banks illustrate the



More companies are now prepared to sponsor childcare

difficulties faced by many companies in altering traditional employment patterns. Although about 65 per cent of employees in the banks are women, most are in junior grades and relatively few in senior management positions.

Midland Bank now has an equal opportunities director - the seniority of the grade showing the greater weight it is now placing on the subject. The bank intends to open up to 300 workplace nurseries for its staff's small children.

Last year National Westminster Bank recruited 128 men and 120 women on the Milk Round; the number of men and women has been equal for the past three years.

A review of working requirements is also under way in the Civil Service, which faces particular problems in recruiting enough suitable grades because of the lag in its pay levels compared to the private sector. It is now trying to break down traditional working patterns.

The Department of Education and Science is exploring the idea of sharing crèche facilities with other government departments. It is also looking at allowing more skilled staff to work from home, using computers connected to the office on telephone lines.

None the less, many employers have not yet adjusted working arrangements to attract more women. A recent report on recruitment of information technology staff by the Institute of Manpower Studies found many employers felt there were fewer women entering the labour market with the right skills than in the early 1980s.

The report found many IT employers were taking symbolic steps such as showing successful women recruits on the Milk Round, but few had got round to taking special initiatives in employment or recruitment practices to increase the number of women.

The lesson for women undergraduates who find themselves wooed on the Milk Round this year is to look behind the

ETHNIC MINORITIES

Degrees of discrimination

Joel Kibazo looks at attitudes to black and Asian students

FOR MOST students, getting a degree increases the chances of obtaining a professionally fulfilling and well-paid job.

But for students from the ethnic minorities that maxim far from holds true. A new report from the Commission for Racial Equality (CRE), into the prospects for ethnic minority graduates, paints a dismal picture.

Following hundreds of interviews with black and Asian graduates, the report said: "It seems unlikely that the discrimination and disadvantage that ethnic minorities face at other levels in the job market disappear with the acquisition of a degree."

Using figures for 1985 graduates the researchers found that 72 per cent of ethnic minority graduates did not receive a single job offer in their final year, while the corresponding figure for white students was 53 per cent.

Black and Asian graduates made more job applications than their white counterparts but gained fewer interviews and even fewer jobs.

Ethnic minority graduates eventually got a job but, in many cases, the job was inferior to that obtained by a similarly qualified white graduate.

But there was little in the way of direct evidence of discrimination, and racism in the recruitment process remained "invisible" largely due to the nature of the UK recruitment process.

John Brennan, the report's co-author, said: "Many employers place emphasis on personal

qualities but these are ever defined and, in some cases, may be a surrogate for racism."

Polytechnic careers advisers feel that many employers do not discriminate deliberately but are simply looking in the wrong places.

Sue Harvey, a careers adviser at the Polytechnic of North London, said: "Employers need to target institutions like ours. This is where a lot of the ethnic minority students are. Employers say they want to treat everybody equally, yet they only recruit from universities and consider only a handful of polys. In effect they are not taking action."

But things may be about to change.

Two years ago, the Association of Graduate Recruiters, the representative body for recruiters, and the Association of Graduate Careers Advisory Service, formed a committee to try and iron out the different perceptions held by both ethnic minority graduates and employers likely to take them on.

The committee includes some of the biggest recruiters of new graduates in the country such as BP, Ford Motor and Price Waterhouse. There is also a CRE representative on the committee, and one from the National Union of Students.

In November 1988 the joint AGR/AGCAS committee held a seminar in London for employers and ethnic minority final year students, which discussed the fears of students about

employers' attitudes towards them.

The committee now hopes that colleges and universities around the country will hold similar seminars in an attempt to allay the fears of ethnic minority students.

BP is one of the big employers that has put a lot of effort into making itself more attractive to ethnic minority graduates. The company has produced an internal guide, "designed to help interviewers

Employers are looking in the wrong places

overcome the problems created by diversity, and give all candidates a fair and equal opportunity to demonstrate their qualifications for the job."

David Warrell, in charge of Ford's graduate recruitment at Ford Motor and another member of the committee, said: "We are putting a lot of effort into equal opportunities at Ford. It is company policy and, anyway, it is good business. We must be seen to be doing something."

He said the company now carries out ethnic monitoring in its recruitment and revealed that in 1988, 11 per cent of graduate applicants were from the ethnic minorities, of which 8 per cent were recruited.

Professional bodies have also begun taking action. A report published last April by the Law Society found that ethnic minorities in the legal profes-

sion felt they were discriminated against at every level.

Using 1986/87 figures, the society found there were 618 ethnic minority solicitors in England and Wales, out of a total of 48,494 practising solicitors, a figure which represented only 1.27 per cent.

The Society last year appointed a careers officer with a specific brief to attract ethnic minority candidates to become solicitors.

The chartered accountancy profession has also been taking steps to put its house in order, following the 1987 publication of a damning CRE report into ethnic minority recruitment for chartered accountancy training.

College careers officers are asked to challenge employers who appear to reject students on racial grounds and to refer such cases to the CRE.

The report recommends that employers widen the range of institutions from which they recruit to include those with large numbers of ethnic minorities and that they set out the criteria against which applicants are judged and the methods used in assessing them.

But Tariq Madood, the CRE's senior research officer who commissioned the report, said: "The shortage of new graduates will put an economic price on discrimination. Discrimination will become bad business."

Further information: Ethnic Minorities and the Graduate Labour Market, CRE, Elliot House, 10-12 Allington Street, London SW1E 5EH. £2.

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PROFILE

Prejudice puts paid to career

Joel Kibazo talks to Helen Powell

HELEN POWELL had all the right qualifications to become a chemical engineer with one exception - her colour. That factor alone appears to have been enough to derail what might have been a promising career. She went to Nottingham University where she took a chemical engineering degree. Her career decision was reinforced during her industrial placements done in her summer holidays. "The places where I worked during my placements were not as male dominated as I had thought and, in fact, seemed to be very forward

thinking." But that favourable impression of the chemical engineering sector soon disappeared when Helen began to apply for jobs in her final year, prior to her 1987 graduation. She applied to about 20 companies and got a first interview from most of them, because, she says, of the experience she had gained during her placements. But it was at the second interview stage that she began to suspect her colour might be a more important factor to recruiters than she had imagined. At an international oil and petrol conglomerate, she said: "I was asked which country I would not work in. I said I was willing to work anywhere in the world, but the interviewer persisted asking the same question several times. They were obviously trying to find out my feelings about working in South Africa." But her worst interview experience was with a leading international consumer products group, where she was interviewed for a production

engineer's job. "I was asked what I would do if I found two men fighting in the men's changing room. But then the interviewers burst out laughing saying of course I wouldn't be in a men's changing room, so they changed the scenario to the factory floor and then asked me how I thought people in the factory would feel if I was taken on since I was a not only a woman, but a black woman." She was also asked if she was "attached" and if she intended to have children in the near future. When contacted, the company said it was an equal opportunities employer and "would be very surprised if those kind of questions formed any part of the normal interview." The company also said it had "no overall guidelines" for interviewers to follow. Bitter and disillusioned, she decided at the suggestion of her careers adviser to abandon her hopes of becoming a chemical engineer. She eventually landed a job with RJR Nabisco, the US food and tobacco group, as a production manager in charge

of a cereal production line at their Hertfordshire factory. She hated it - not because she experienced any racism at the company but because, she said, the company had "no career plan for graduates". Six months after joining Nabisco, she left to join the UK subsidiary of Union Carbide, the large US chemicals company, as a technical sales representative in the international chemicals division, selling industrial chemicals. She was particularly encouraged by the interview. "The interview at Union Carbide was very different. You felt it was on your own personal merit while, in the past, you felt people had already made up their mind. Although I had no previous experience in sales, here people were interested in my ideas and what I had to say." Looking back over the past 18 months since she joined Union Carbide, she says, "It is a good company to work for though things here are slightly limited as it is only a sales office, but if I have an idea it is acted upon and there is a lot of opportunity for people to grow."

Helen Powell: "The interview at Union Carbide was very different. You felt it was on your own personal merit"



Culture and the market

A NEW Commission for Racial Equality report into the ethnic minority graduate labour market says there are distinct differences between ethnic groups when it comes to employment. Using a sample of 1984 graduates of all races, the CRE researchers found that 31.5 per cent of all graduates were employed in the public sector, 23.1 per cent in manufacturing, 35.7 per cent in commerce, and 9.8 per cent were self-employed. When these figures are broken down along racial lines, the report says African and Caribbean students were most likely to be employed in the public sector, with few of them in manufacturing and commerce. Asians from Africa were the least likely to be employed in the public sector, but they were by far (along with other Asians) the most likely racial group to be self-employed. While the authors of the report said no one group was attracted only to a particular profession, they say there is a

tendency for Afro Caribbean graduates to go for careers in the social services and law, while a large number of Asian graduates went into accountancy, the computer sector and pharmacy. Part of the explanation for the Asian concentration in pharmacy, said the authors, was partly to do with the high status attached to the profession - it is seen as a good second best for those who would have wished for a career as a doctor - and the option the profession offers for self-employment. The report said: "Undoubtedly cultural factors combine with the labour market difficulties in increasing the attractiveness of self employment. It is not an option so readily available from all subject areas." Joel Kibazo

Further information: Ethnic Minorities and the Graduate Labour Market, CRE, Elliot House, 10-12 Allington Street, London SW1R 5EH. 22.

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MATURE STUDENTS

Old before their time

Employers are missing out, reports Phillip Halliday

LIFE BEGINS at 40, so they say, but for the mature student it may well have ended 10 years earlier. In the eyes of some employers the "big three" signals the onset of senility and a downturn in employability.

Studies by the Association of Graduate Careers Advisory Services over the past two years concluded that many employers, especially in the private sector, felt no need to consider older graduates while the flow of 21-year-olds remained steady.

This approach to recruitment handicaps a large and growing chunk of the student body. In 1988 11 per cent of undergraduates in the university sector were aged 25 or over.

A survey of 117 employers showed a generally negative impression towards the recruitment of older graduates - students over 25 when qualifying.

The association was concerned by the ambivalence shown by employers towards the forecast decline in the numbers of young people. Many employers seemed to have ignored the predictions while others recognised the problem but were not considering policy changes or were happy to return to the recruitment of A level-standard school leavers.

Employers expressed fears about older entrants' mobility, their integration into training schemes and a perceived inability to accept criticism.

On the other hand, older graduates were said to possess attractive attributes such as self-knowledge, emotional stability, inter-personal skills and loyalty.

The public sector displayed a far greater acceptance of mature students especially for those aged over 30 with relevant degrees and with work experience. Of graduates who qualified in 1987, for example, 62.7 per cent of those over the age of 25 were found in the public sector, compared with 29.2 per cent of the younger ones.

The employment scene for mature students is a mishmash and the future remains unclear because employers are hard to pin down on recruitment policies. Some said they did not discriminate against graduates over 30 years old, had no special recruitment policies for them and treated them like "normal" graduates. But this line of thought - "we employ the best person for the job" - ignores the point that mature students might have special training requirements.

Barbara Graham of Strathclyde University careers advisory service added that the

issue was clouded by employers who pointed to job changers or employees returning to work after a spell at university and called them mature students.

NatWest Bank, for example, expressed a particular interest in job changers and saw mature students as a way of helping to solve recruitment shortages.

"We have no separate training scheme for mature students," said Paul Bowler, recruitment manager at NatWest. "We have the same scheme for all trainees but have scrapped our upper age limit for graduates."

"NatWest has had mixed results with mature students but if the training scheme should prove inappropriate for them we would review it, but it is too early to draw conclusions."

Accountancy firm Robson Rhodes, on the other hand, said that they actively pursued mature students and job changers up to the age of 35 "providing they met the usual selection criteria".

"There are many advantages for mature students; they are usually highly-motivated and hard-working, which is what matters," said Anthony Robinson, personnel manager at Robson Rhodes.

Additional information can be gained as a result of last month's Agcas conference on graduate recruitment. This saw the launch of an older students' resource pack with a list of preferred ages for entry to professions. The pack is available from careers advisory offices.

At the conference Robert Jackson, Minister for Higher Education, said the Government wanted to improve access for mature students into higher education and noted employer reluctance to abandon the notion that graduates should be in their early 20s.

In 1987, Mr Jackson said, the unemployment rate for graduates under 23 was 14 per cent compared to 21 per cent for those aged 33-42. He urged employers to review recruitment needs.

Barbara Graham hoped the speeches reflected a shift in attitude toward the older graduate. She said educators, careers advisers and employers must examine recruitment methods to eliminate unfair bias in employment literature, applications forms and testing methods.

Perhaps she had in mind the employer who began a conversation with a newly-graduated 34-year-old: "Well, what did you do with your 13 years out, Mr Halliday?"



Judith Williams: using her own experience as a mature student to help others

PROFILE

Build-up to full-time study

Phillip Halliday meets Judith Williams

JUDITH WILLIAMS left school in 1967, aged 17, without any qualifications. Just over 22 years later she is a highly-qualified lecturer at a college of further education. Her path through the education system to a job in academia is one that is being taken by increasing numbers of older people who miss out on education at the conventional age.

Judith returned to education shortly after school. She took a couple of O levels on day release while working for Nalco, the local government union, and completed a secretarial course. Over the next six years she had a series of secretarial jobs with advertising agencies and at the BBC.

The change in direction came in 1976: "I got married and wanted a baby. Work plans were put on the shelf so that I could stay at home with the children," she says.

"After four or five years of being a mum I began A level history at evening classes, more as a break from the kids than anything else."

In 1982, aged 32, she applied for a three-year social work course at Croydon College and to London University to study history. She was accepted for both and finally plumped for London University, although: "It was a perfectly useless degree vocationally speaking but I wanted to do something for myself. The process of learning became the important thing, not the piece of paper," she says.

After graduating in 1985 she trained to teach in further education at Garnett college, part of Thames polytechnic. That year she took up two part-time posts; at South East London College, teaching English O level, and at Brixton College of Further Education, teaching computer literacy.

This led to a full-time lectureship running a course called Computing for Women aimed at women who return to learning at the same time as bringing up young children. Judith uses her experiences to help others who are taking

those first tentative steps on the road back to education.

Judith is acutely aware of the special needs of the older student. "At university I was highly motivated. I wanted to discuss the course and understand it, whereas the younger ones just wanted to get it done."

There is little understanding of the needs of older woman at most universities, she argues, and points to the lack of crèches and support networks as examples.

There are some advantages, too, however. Judith says she had no trouble mixing with the teenagers - "some of them used to baby-sit" - and feels she was treated better by the teaching staff who became good friends.

On employer attitudes she believes the public sector is more receptive: "The sector is more understanding of the desire to return to study, there is more empathy. The private sector seems to have little respect for education."

Timing is important when making decisions about learning after the conventional age, especially for women with children, she says. Further education colleges or the Open University are good ways to ease back into the learning process before taking the leap into full-time education.

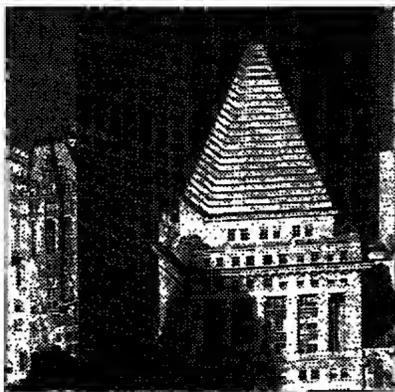
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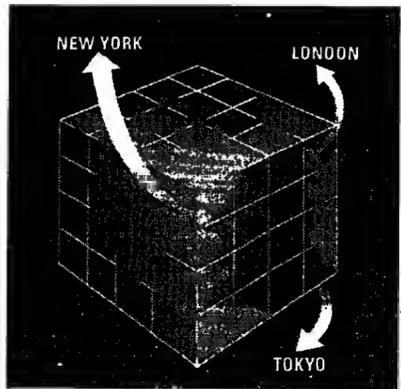
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Some employers in Europe are now recruiting graduates outside their home country, heralding the first international graduate recruitment market. Here, and on the next two pages, Financial Times foreign correspondents report on the graduate scene in the countries they cover.

FOCUS ON WEST GERMANY

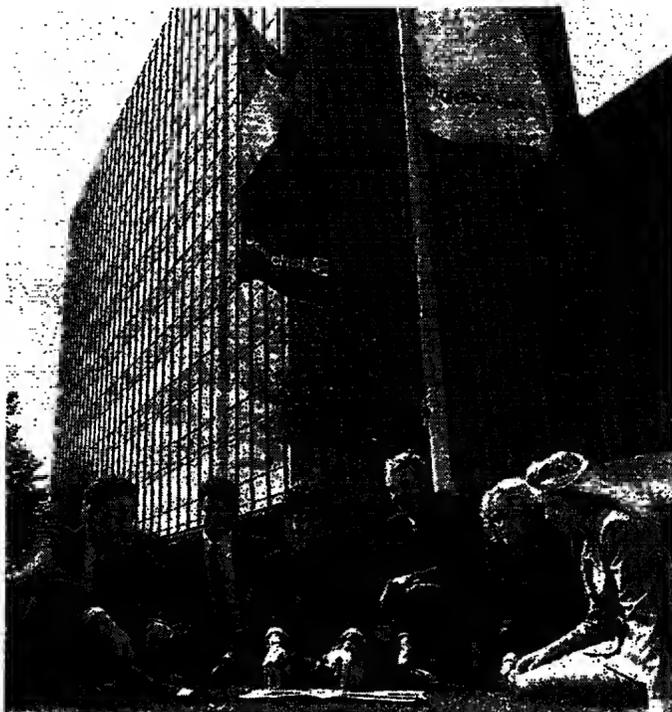
Too many doctors and philosophers

David Goodhart in Bonn reports on the uneven distribution of graduates

WEST Germany's universities have never been so overcrowded, yet employers complain of a growing shortage of qualified graduates especially in electronic engineering, information technology and management. Employers worry even more about a looming shortage of skilled manual workers and technicians and, for the first time in more than a decade, the supply of places offered under Germany's famed vocational training system will this year outstrip demand. None the less, the uneven distribution of graduates, has also

become a matter serious enough for cabinet-level discussion. "The trouble is that we are producing far too many social science and liberal arts graduates best-suited for work in the public services, and not enough of the specialists that private industry wants," says Ursula Engelen-Kofer, deputy head of the Federal Labour Office in Nuremberg. At the end of last year the Government announced a special grant of DM2bn (over \$880m) to the universities to deal with the current overcrowding, but also to provide more places for

the large number of students who do want to study information technology or management but cannot find a university to take them. This grant is supposed to create 11,000 new places for information technology alone but there is some scepticism over whether enough university-level teachers can be found. As in most other European countries, demography is the underlying cause of employer anxiety over impending shortages of skilled graduate labour. Germany's excellent training and education system gives it a better starting position than some of its European partners, but, with its high-skill based economy and a sharper drop in the birth-rate, it could end up with one of the highest problems of all. Already, more than 25 per cent of school-leavers go to university, which means a smaller pool of frustrated uni-



Five school-leavers have become the first Britons to join a training scheme run by Hoechst, the chemicals group, in Frankfurt

devert, who recently left Ford Germany to join Volkswagen, has been publicly speculating about setting up an entirely new kind of business school in Germany.

This would attempt to transplant the practical/theoretical quality of the country's basic vocational training system to the management level. It would, says Goeudevert, require a "permanent alliance" between business and academia, with managers returning for study periods throughout their careers and academics becoming more effective business consultants, thanks to more direct contact with industrialists' problems.

There is one simpler and more radical solution to the graduate shortage problem in Germany which was pinpointed recently by Juergen Herhaus, chairman of Herhaus Holdings in Hanau, who said: "Germany has the youngest pensioners and oldest students in the world. A shortening of study time would provide industry with the young, qualified, workers it needs, while also boosting the income of the pension and health funds."

case, French. The main reason universities have bucked the demographic trend, and look set to continue bursting at the seams for another decade at least, is that a higher proportion of school leavers who pass the Abitur - the university entrance exam - are taking up their right to go to University.

Unfortunately for the German economy, too many of them are still studying medicine or philosophy. Unemployment among doctors and teachers is now so high that some have begun taking jobs in Britain and other EC countries, a trend which may grow stronger after 1992.

It would be unfair to say that employers are not responding at all to this challenge. The German Employers Association, for example, has had some success in encouraging its members to form closer partnerships with universities and technical colleges.

A recent report from the German Economic Institute (DIW) in Cologne also pointed out that some employers are taking advantage of university overcrowding, and of the fact that students may not be able to take up their first choice discipline, to attract school leavers with the Abitur direct into training places.

The report said that 11,000 of such special training places

will be filled this year, 1,000 more than two years ago. About 18 per cent of the places are for engineers compared with 12 per cent two years ago. There is also a growing

interest in new approaches to management education which has traditionally been done by companies in-house. A few business schools are beginning to spring up and Daniel Goeu-



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Germany's education system gives it a better start than some European countries

University students to draw on as overall numbers of younger people decline. And employers have shown little willingness to bid up financial incentives in the shortage areas or adopt greater flexibility in recruitment, although they are doing more to encourage their skilled women workers to return to work after children.

For example, graduate management jobs have traditionally been filled by students of economics or law and there is little sign that employers are becoming more willing to hire philosophers or historians. Daniel Goeudevert, the former professor of literature who became head of Ford Germany, is an exception and is, in any

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It cuts both ways: Dutch teachers Monique Wisse (left) and Netti Breedveld in London

WORKING ABROAD

Channel crossing

Paul Abrahams looks at trends in pan-European recruitment

SO THE future looks European. The school visits to France, the summer holidays in Italy and the rhetoric of 1992 have convinced you. Why shouldn't you enjoy the romance of living abroad while at the same time getting paid for it? Besides, you want to put your college project on the impact of 1992 on the gold-fish breeding industry to some practical use.

The trouble is you're not alone. According to careers advisers, the supply of graduates wanting to work abroad is growing fast. A recent survey found that nearly 50 per cent of students were prepared to move to the Continent for work.

Not only are there a lot of students wanting to cross the channel but the number of continental employers geared up to give trainees foreign experience remains limited. And this is despite desperate shortages of qualified people in West Germany, France and Italy.

Most of the evidence for pan-European recruiting, so far, is anecdotal, explains Tony Raban, a careers adviser at Cambridge University. He says there have been a few engineering companies such as Gist Brocades, Bouygues and Renault taking on British graduates, but not yet in any numbers.

Interest among continental companies does appear to be growing. Some French companies such as Crédit Lyonnais and Assurance Générale de France have said they are

interested in visiting recruitment fairs in the UK next year.

In the meantime, students wanting to work on the Continent have three options:

● To join a UK-based company with operations on the Continent. A number of the accountancy and law firms are now trying to attract graduates by offering placements in overseas branches. And the same is being tried by Marks and Spencer.

It can be difficult to adapt to new sets of mores and values. And the very fact that it's different doesn't mean its better

● To develop a career with a multinational company which has offices around the world. For instance, Philips, the Dutch electronics company, has been recruiting in the UK for many years and offers international experience.

● Third, send speculative letters to companies abroad. Tony Raban at Cambridge says these can be highly effective, since many continental companies are more receptive to unsolicited letters than UK concerns.

Despite the difficulties in getting international experience at present, rich rewards can be found for those Euro-

peoples lucky enough to obtain a post abroad.

A recent report called The Search for the Euro-Executive, written by the London-based head-hunters, Saxton Bampfylde, pointed out that the demand for managers with experience of other cultures and languages will far outstrip supply. It added that companies were likely to pay substantial premiums in order to recruit and retain such managers.

An undoubted attraction of working on the Continent is the higher level of graduate salaries. Graduates there tend to be older - degree courses are longer and countries on the Continent have national service - and age is reflected in the pay.

Peat Marwick McLintock, the accountants, recently disclosed the starting salaries for their graduates in Europe. While new graduates in London could expect £9,350 a year, £12,000 was the norm in Belgium and the Netherlands, £15,000 in West Germany and France, and more than £22,000 in Switzerland.

There are, however, drawbacks to working abroad. It can be difficult to adapt to new sets of mores and values. And the very fact that it's different doesn't mean its better. One graduate recently left a moribund UK engineering company for a joint Swiss-Swedish venture. He found the new company's structure and bureaucracy even worse than his previous employer's.

FOCUS ON JAPAN

Tactics include kidnap

Yuriko Mita in Tokyo on how far some employers will go

YOU can't help but envy next year's Japanese college graduates - their chances of lining up a job in the next few months are close to 100 per cent. The annual graduate hiring season is just getting under way and, by all accounts, the sellers' market which has prevailed for some time, will be stronger than ever.

Such is the demand for graduates that some Japanese employers will go to extraordinary lengths to capture potential recruits. Under a gentlemen's agreement, companies do not start recruiting until a certain date, which this year was August 20. However, with the fierce competition for personnel, many companies ignored the rule and started recruiting as early as June 30.

Since companies cannot offer formal acceptances to students until August 20, they give out *naipei*, an unofficial promise of employment. Having secured the student, many companies, to prevent students from meeting with other companies, resort to *kosoku* or physical restraint. Companies accomplish this by taking students on all-expense paid trips, constantly inviting them to functions to ensure they have no free time and, at times, even physically isolating them.

In order to help these students, Nikkeiren, the Japan Federation of Employers' Asso-

ciations, established a telephone hotline at its employment and education policy departments to listen to complaints. As of August 11, it had received 394 calls from students complaining of companies that have been cloaking them in hotel rooms, or harassing them in other ways.

For the majority of students, however, the recruitment process is less demanding. By tradition, interviewing and offers are made in the autumn in advance of graduation the following spring. According to Arthur Anderson, Japanese companies are hoping to hire 700,000 graduates this season. However, there are only going to be 320,000 graduates, which works out to 2.18 job offers per student, up from 1.15 this April and 0.76 in April 1989.

The most popular targets among the graduates this year are said to be mass communications companies, which include advertising, broadcasting and newspapers, and financial companies, including banks, brokerage houses, and insurance companies. According to a survey conducted this year by Diamond Big, a private job research firm, 10 of the 30 most popular companies, as ranked by college seniors, were banks, with Mitsubishi Bank taking the number one spot.

In addition, Tokyo's Waseda University reports that the

mass communications sector was most popular with its seniors, attracting 28.6 per cent of them, while 17.4 per cent hoped for a job in the financial sector.

The reasons behind the recent popularity of financial and mass communications



companies can be partially traced to the more self-centred way of thinking of young Japanese these days. Brought up in an affluent age when the traditional emphasis on conformity and group activity was becoming unpopular, they are more interested in jobs that have prestige and enable them to express themselves. They believe financial and mass communications jobs will meet those aspirations and will be

more merit-based than traditional sectors.

This shift in the thinking of job-seeking students can be attributed to changes in the stature of Japan's economy. Ten years ago, college seniors still had an inkling of economic hardships, and the country as a whole saw itself as a struggling nation. However, with the economic prosperity that has come to Japan, the young are not as concerned about economic stability as their fathers were.

Given the tight labour supply, many companies, especially in manufacturing, will continue to have problems recruiting the necessary personnel. Even engineering students have been wooed by the financial sector in the past two or three years.

The Nihon Keizai newspaper reported that in 1984 2.9 per cent of science majors went into the financial sector, while in 1988 the number jumped to 15.9 per cent. Diamond Big also found that out of the 30 most popular companies for male engineering students, 12 were in non-manufacturing, including transportation, insurance, finance, and trading.

It is estimated that every engineering graduate will receive four job offers, double that of the liberal arts student. At Nikko Securities and Yamaichi Securities about 30

per cent of new employees this April were science majors "and the numbers have been definitely increasing," according to Mr Tomoaki Ishii of Yamaichi.

To upgrade their images, manufacturing companies have been building or improving low-rent company housing, and launching public relations campaigns. For example, several steel companies have used popular actresses, such as Sigourney Weaver, in image building television commercials.

Companies, including manufacturing concerns, have also been using another new ploy to lure students - offering higher salaries. Nikkeiren, reports that the average salary for newly recruited college graduates has increased 4.3 per cent this year. The smaller the company the higher the increase, reflecting the poorer drawing power of medium and small-sized companies.

Foreign companies, known as *gaishikei*, have also had problems recruiting. Many Japanese are reluctant to join foreign companies, fearing that there is always a chance of being sacked or seeing the company pull out of Japan. The prospect of having to use the English language and adapt to western corporate culture intimidates many. In order to attract graduates, *gaishikei* offer salaries about 10 per cent higher than their Japanese counterparts.

With the number of college graduates expected to peak in 1992, competition between companies should become even worse in the 1990s. This, in turn, might herald changes within Japanese industry, as companies become more reliant on women, part-timers and perhaps even foreign personnel.



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FOCUS ON FRANCE

Qualité the top concern

Barbara Casassus in Paris on a change in priorities

DEMOGRAPHIC change promises to be more gradual in France than in other countries, focusing employers' concern on the quality rather than the quantity of graduates in the 1990s.

The decline in young people will be less marked in France than in either Britain or West Germany. France's national planning commission on vocational training said earlier this year that the growth of the working population would slow down over the next 15 years, but would not start to decline until the year 2003.

Nevertheless, competition remains intense among companies for graduates of the most prestigious "grandes écoles", specialised colleges ranging

from the Polytechnique, where Napoleon trained his engineers, to Hautes Etudes Commerciales (HEC), set up by the Paris Chamber of Commerce to produce businessmen. Even the lesser "graduates écoles" achieve a very high placement rate.

But the rigid pecking order in higher education is not quite what it was, according to Michel Miet, secretary general of Université et Entreprise, an association which tries to build bridges between the worlds of education and business. Some companies are starting to give universities outside the grande école network equal priority and status in their recruitment programmes.

Maurice Bernard, director of the Ecole Polytechnique, accepts that employers are less dismissive of university graduates these days. He says industry has learned to appreciate what universities offer, partly through the links with their research laboratories.

At the same time, corporations are "relatively satisfied" with the grande école product, at least on intellectual criteria. "We now need stronger team spirit, communication skills and other human qualities," Bernard said. The Polytechnique has also become closer to industry through a joint foundation set up two years ago by Bernard Esambert, chairman of the Ecole's board. "We have to know what corporations

want," Maurice Bernard added. "We must change, and are now preparing a new international strategy."

Companies' worries centre on finding graduates with the right qualifications and minimising the cost of training. All too often competitors reap the reward of corporate investment in new recruits, particularly in the specialties where the shortage is most acute.

The extent of the problem varies according to discipline. France now lacks about 10,000 computer engineers and technicians.

Airlines, too, have been caught short. They will need an extra 350 to 400 pilots a year over the next two to three years, way beyond the 40 to 50

Little has changed at the Ecole Polytechnique, near Paris, where Napoleon trained his engineers

who graduate each year from the national civil aviation college. The transport ministry recently announced an emergency training plan to fill the immediate gap.

Other disciplines are not facing such serious problems. "The demand explosion forecast a few years ago for biotechnologists has not yet materialised," says the Polytechnique's Maurice Bernard. The pundits were predicting a market for biotechnologists in the 1980s on the scale of that for electronic engineers in the 1960s and 1970s.

A solution to the problem of too few electronic engineers may also be on its way. Université et Entreprise has persuaded five of the world's largest computer manufacturers - IBM, Hewlett Packard, Bull, Digital Equipment and Rank Xerox - to bring business into the lecture hall.

This month the association will present new computer science course models to France's education, research and industry ministers that it hopes will be introduced in universities at the beginning of the 1990-1991 academic year at the latest. One company has already earmarked \$70,000 for the scheme.

"This means the companies will transfer to universities the basic internal training they all need to 'provide,'" explains Michel Miet. "They will therefore only have to train recruits in their own corporate and product strategy."

Companies, which will also use the courses for improving the skills of their existing employees, are expected to send their best gurus to teach the students. Four universities in Paris and one in Toulouse are signed up so far to join the project.

For the longer term, the association is working on course models for airlines, the chemicals industry and marketing. "France needs to recruit 100,000 sales people of all levels each year, and all of them will have to speak two or three languages," Miet said.

Marketing courses will be designed as options for modern language students. The aim is to give France a vast team of salespeople capable of promoting exports in increasingly competitive world markets.

US SCENE

Young Americans unprepared

Nancy Dunne on a nation facing a labour shortage

THE HORROR stories abound - of American teenagers who cannot read maps or bus schedules or anything at all. They know little about history, geography or science; their maths skills and reasoning abilities are abysmal. Consistently, they score below their counterparts in other industrialised nations on standard achievement tests.

These children of the "baby bust" have unparalleled job opportunities. But they are woefully unprepared for the hi-tech future.

It was for this reason that President George Bush, the would-be "education president", early in October convened an unprecedented Education Summit with the 50 state governors. Bypassing bipartisan differences over whether the federal or state governments should pay for improved schools, the leaders agreed on national goals for the year 2000: expanding preschool training for the poor, eliminating adult illiteracy, reducing school drop-out rates and increasing the number of high school students going on to post-secondary education.

The quality of public education has periodically been an American concern. But the demographic forces of the past two decades has added to the mood of national crisis.

The birth dearth, which began in 1965 when total births in the US dropped below 4m for the first time in 13 years, has not yet ended. The growth of the workforce is expected to slide by 1 per cent a year in the next decade, far below the 2.9 per cent of the 1970s.

An increasingly lower percentage of new workers will be white native-born men. Nearly

two-thirds of the new entrants will be women. Another 20 per cent will be non-white or immigrant men, many with language difficulties or poorer job skills. Other demographic and economic factors have contributed to the troubled outlook. Between 1970 and 1985, the percentage of children born into poverty rose by one-third. Half of them drop out of school; fewer than half of those get jobs.

Some analysts believe the first phase of a national labour shortage has already arrived with fast food and retail businesses so hungry for workers that, in many regions, they are willing to pay teenagers \$5 an hour and up.

As the 1990s approach, the "baby boomers" who dominated the 1960s are entering middle age. The work force will have to support a rapidly ageing population.

Health services will be one of the fastest growing industries over the next decade, along with computer and data processing services and other business services.

American schools, however, have not been producing enough trained workers needed for these fields. In fact, they are even failing to turn out competent candidates for entry level posts, which require more skills than in the past. Bank clerks, sales people, telephone operators - all must be computer literate.

The outlook is even worse for the fields of science and engineering. There is already an under-supply of teachers and college students entering the fields. According to the American Association for the

Children of the 'baby bust' are ill-equipped for hi-tech future

Advancement of Science, the nation will need 12,000 new natural science and engineering PhDs each year in the early part of the next century, but the US is expected to produce only 10,500 annually.

The National Science Foundation forecasts a total shortfall of 765,000 holders of bachelor of science degrees between now and 2006 - assuming the current demand stays flat.

The threatened disaster to US competitiveness may never emerge. Immigration into the US has always provided a safety net for the economy, and the Asians and Hispanics now flooding into the country will help fill the job gap. The National Bureau of Labour Statistics believes that by 2000, the number of Asians in the labour force will grow by 70 per cent, and the number of Hispanics by 75 per cent.

Meanwhile, there is increasing activity by both corporations and individuals. Companies are "adopting" schools, providing scholarships, sending their engineers and computer specialists to work in the schools.

The Computer and Business Equipment Manufacturers Association has proposed a plan to boost the scientific and technical workforce. It suggests that corporations work with teachers to expose them to research settings; that they offer part-time jobs and internships, encourage employees to further their training and education.

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MARKS & SPENCER

Handwritten Arabic text: "هذا هو الأصل"

Students seeking jobs in most large organisations are entering a national labour market, because recruitment, pay and training tend to be organised by big employers on a UK-wide basis.

Yet there is also strong demand for graduates within Britain's regions. Jobs are available throughout the UK for graduates who are keen to avoid the rush to London.

Some of these graduate opportunities are with large employers which are themselves based outside London, such as Austin Rover in the Midlands or Pilkington in the North West.

Plenty of openings exist in the regional offices of London-based organisations, such as the big accountancy firms.

Small and medium-sized employers also tend to look to their local colleges for their graduate needs, rather than join in the national Milk Round. Some university and polytechnic careers officers are making a big effort to develop their links with smaller employers.

The FT's regional correspondents describe the vacancies on offer in each of their regions. They assess the advantages, such as the quality of life, of finding employment outside London. They also weigh up possible drawbacks, such as lower pay and barriers to career advancement.

SCOTLAND

Problems for the patriot

James Buxton on patchy job opportunities

IF YOU are graduating from one of Scotland's eight universities next summer, your chances of obtaining a satisfying job are good. Graduates are in strong demand throughout the UK economy and most Scottish universities have high reputations among employers.

But whether the job you get will be in Scotland is another question. A fair number of students at Scottish universities - notably Edinburgh and St Andrews - are English and while some may become so enchanted with the quality of life in Scotland that they wish to stay there, others will think that their stint north of the border is enough.

Some Scots who have spent all their education in Scotland may also fancy a change. Jane Saxton, acting director of the careers service at Edinburgh University, says: "Some of these students say: 'I've been educated here all along. I want my first job opportunity outside Scotland, even if I return here later.'"

Many Scottish graduates who would prefer a first job in Scotland may be disappointed. They may then join the Scottish brain drain - a phenomenon about which Scottish patriots worry a great deal.

In 1983 Scotland had 9.4 per cent of the British graduate population in employment. By 1987 the figure was down to 7 per cent despite little change in the total numbers in employment in Scotland. At Glasgow University - the largest in Scotland with nearly 10,500 students only 16 per cent of the Scottish-domiciled students who graduated in 1983, left Scotland to take up their first employment. In 1988 that figure had risen to 33 per cent.

There is no easy way of telling how many of those would have preferred to work in Scotland. But it appears that the Scottish economy is not producing sufficient opportunities for the graduates its universities produce. The picture, however, varies from one field to another.

This year, graduates who want to work in Scotland may have more chance of finding a job there, thanks to the launch of a Scottish edition of the Register of Graduate Employment and Training, the manual known as Roget which carries entries from companies and other organisations which employ graduates.

The Scottish edition, called Rogetscot, is available from university careers services. Rogetscot carries entries from big Scottish employers such as Standard Life, the Edinburgh-based life assurance company, and Guinness, which owns nearly half the Scotch whisky industry, but also smaller companies such as the hi-fi specialist, Linn Products, which employs only 135 people at a plant outside Glasgow. It is on the lookout for graduates to work in electronic, mechanical and industrial design.

Scotland offers plenty of jobs in such fields as financial services, with an emphasis towards fund management and insurance.

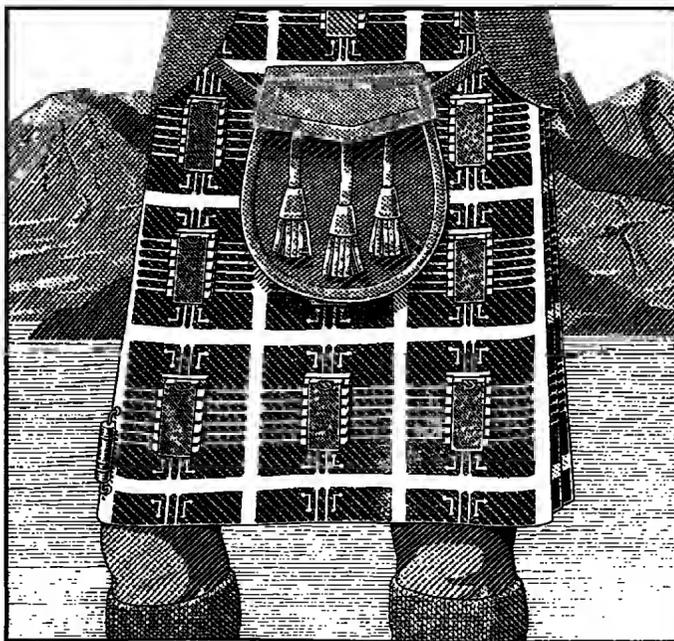
There are good opportunities for biologists, for example, but in many other scientific fields the majority of jobs tend to be in the south.

Despite Scotland having its own electronics industry, the majority of electrical engineering graduates from Edinburgh University find their first jobs in the south. However, Fer-

ranti, the electronics company which employs 24,000 people in Britain, has an independent graduate recruitment programme for Scotland, where it employs 8,000 people, most of them in Ferranti Defence Systems.

Each year Ferranti in Scotland takes between 80 and 100 graduates and does the Milk Round of the Scottish universities, as well as those in the north of England and in Northern Ireland. "Most of our graduates here are Scots," says Ferranti's John Ford. "It's easier to get people and to keep them here than it is in the south."

The leading Scottish banks, the Royal Bank of Scotland and the Bank of Scotland, are both big recruiters of graduates from Scottish universities. Royal Bank, which has branches all over the UK,



though with more in Scotland than outside it, first chooses its potential recruits on a regional basis from three centres: London, Manchester and Edinburgh. But the initial 150 are reduced down to about 60 on grounds of quality, not on where they come from, and they must be prepared to go anywhere the bank sends them, including abroad.

Bank of Scotland also operates a central assessment system and requires its graduates

to go anywhere. "We get a higher number of applicants from Scottish universities and this is reflected in our recruitment, but there is no policy that says make sure you get Scots," says Graham Fraser, senior training officer.

Will you have to pay a financial price for staying in Scotland? In theory the answer is no. If you join the Royal Bank of Scotland, for example, starting salaries are around £10,000. You would be unlikely

to be better off if posted to London, since the extra £3,000 London allowance only compensates for the higher cost of living there.

Companies in Scotland, especially those not operating in the rest of the UK, are likely to pay slightly lower salaries than are available in the south of England. But these are usually offset by the lower cost of living and may be compensated for by what may be considered a better quality of life.

WALES

The scope of a lifetime

Anthony Moreton evaluates potential in the principality

AT THE start of September 12 young men and women newly out of college began an induction course at the outset of their working life in the office of Cardiff software concern, Target Computer Group. The 12 were all either graduates or had high technical qualifications and were the latest group to be taken on by the fast-growing company.

For them, as for others seeking entry into the hi-tech world, there are ample opportunities in Wales. The 12 are all on starting salaries more-or-less comparable to those facing graduate trainees in the rest of Britain. They can hope, with a lot of effort and a little luck, to be able to make a career in the principality.

The average starting salary for a graduate in Wales, according to Ian Kelsall, Welsh director of the Confederation of

British Industry, is about £10,000. That is a figure with which Dr David Trehan, director of the careers advisory service at University College, Swansea, and a man who sees the graduate market from the supply rather than the demand side, would agree.

Even so, it is no easier to lure graduates into industry in the principality than it is elsewhere in Britain. "Accountancy scoops up a large proportion of the available pool of graduates," says Grant Hawkins, chairman of Target. "It is very difficult to attract good graduates despite the excellent career prospects that are now available in Wales."

Steven Blackman, managing partner of Ernst & Young in Cardiff, accepts it is difficult to find acceptable graduate trainees, though the number of his

Continued on p28



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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Continued from p27
trainees who pass their final professional qualifications would seem to contradict that view.

That Wales is not a disadvantaged area in terms of graduate attraction is supported by a recent report from Coopers & Lybrand commissioned by the Welsh Development Agency.

"There is certainly scope for young high-flyers to do well in Wales," it stated, and it gave as an example a young woman who had worked in Wales for a recruitment agency before, in the classical move within the industry, going on to one of its clients. At the age of 26, she was promoted to take charge of all UK personnel matters for a major international electronics manufacturer.

That such career advancement is possible in Wales is due in no small measure to the structural changes that have taken place in the economy. As coal, steel and other heavy industries have run down in numbers and importance they have been replaced by more modern, more high-technology industries.

"The growing 'clusters' of companies in Wales," Coopers & Lybrand reported, "in a number of modern sectors is seen as positive for several reasons: increasing the pool of skilled staff, combating professional isolation on the part of staff and potential recruits and reassuring new employees that, if they choose to relocate to Wales, they would be able to make their next career move without the need for further relocation."

Wales "is an attractive employment location", the report categorically stated. "Most companies find they can recruit and retain high-quality, well-qualified staff." The report went even further with regard to native-born Welshmen by stating that "if anything, the quality of recruits tends to be higher in Wales than elsewhere."

That is perhaps evidenced by the growth of research and development activities by an increasing number of companies in Wales. It has been claimed that this move has been led by the incomers, concerns such as Align-Rite and Ford, both from the US, and Sony from Japan, all of which happen to be sited in Bridgend. But native concerns are equally conscious of the need for strong research and devel-

opment spending, especially AB Electronics, in Abercynon, Control Techniques in Newtown, ASW in Cardiff and Robertson Group in Llandudno, all Welsh-based companies. British Steel, which has a strip mills division that spends about 0.4 to 0.6 per cent of turnover on research and development, employs 220 directly on research at its Welsh Laboratories in Port Talbot.

The rise of salaries and the consequent jump in house prices in the south east of England has, indirectly, helped the rest of Britain because it has made it extremely difficult for young rising managers to return to the London area. They have, therefore, had to concentrate their career activities out-of-London.

But as Graham Roberts, who moved recently to the head office of Barclays Bank in Wales, in Cardiff, states: "I already feel the overall quality of life will be much better in Wales. For one thing, I'm planning to spend at least some of the time I save commuting on being with my family. My journey time of 15-20 minutes will save me nearly two hours a day."

There is, though, a downside as well to seeking work in Wales. Swansea University's David Tretharne states that while the employment situation is "better than it has been, it is still not very great. Recruitment into the professions may now be good but there are still too few opportunities in industry. Even the intake into accountancy in Wales is low compared with that in England."

The other minus factor is that few medium- to small-sized companies in Wales may employ graduates but do not set out to train their own.

There are few openings in the smaller company for the graduate trainee, with the exception of those like Control Techniques and Align-Rite which operate in the high-technology sectors.

This is a limiting factor for those seeking employment for the first time and is compounded by the fact that many of the larger concerns recruit nationally. For the first time Ford is this year taking a couple of graduates directly into its Bridgend plant.

THE NORTH

A drain on the game

Ian Hamilton Fazey laments the exodus to the south

THE STATE of rugby union in the north of England might appear to have little to do with graduate recruitment, but it tells a sorry tale. The game is played there by young men from all walks of life but, suddenly, whole groups of them are missing - gone south in search of work.

Middle-class professionals in their twenties have long been fixtures in northern clubs because their careers insulated them from the temptation to turn professional and play rugby league, the other drain on the northern game.

This summer Ian Aitchison, personal assistant to the regional director of NatWest in Liverpool, was offered promotion with the bank in the City. He moved, not only within the NatWest group, but to London Irish, leaving both Waterloo and Lancashire to look elsewhere for a fly-half.

Paul Jenkins, an Aston graduate who had returned to the north-west to begin a promising career in marketing, took a new job in Southampton and

left a big hole in Waterloo's three-quarters.

Where in the past the defections south would have been balanced by new graduates returning to northern home territory to work, this is less apparent now, with the result that southern clubs have a preponderance of good players.

However, one person who has just gone the other way is Stefan Williams, who won his Blue for Oxford last season at tight-head prop. He has just joined Charterhouse Tilney in Liverpool as a trainee stockbroker, one of this year's four graduate recruits.

After making his debut for Waterloo against Lancashire Police in September, he said: "I was offered two jobs in financial services, one in London and this one in Liverpool. Several of my contemporaries think I am mad to have moved north, but my family live in the Wirral and I know all about the quality of life here. No one had to sell it to me."

The question is whether he



Players lured to the greener pastures of the south have depleted the northern ranks of rugby union

would have taken the job without family ties and existing local knowledge? It is these factors, rather than the availability of jobs, that seem to determine the willingness of young qualified people to work in the north.

However, this does not mean that only northerners want to work there. The north wins many southern people who go to northern universities for their studies. Many of them want to stay. Then it becomes a question of whether they can find the right job.

David Cross, head of Liverpool University's careers and advisory service, says: "Our graduates end up going to a wide variety of employers all over the country but a lot of them express a distinct preference for staying in the north."

Engineering students have the best chance of finding work with northern companies, as do any graduates who want to teach. Computing, electronics, virtually all other high technologies, and most financial services job opportunities lie south of Birmingham.

"If there were more jobs in the north, more would stay or come back here," Cross adds. There are also northern jobs in sectors such as financial services, especially with the growth in recent years of the industry in both Manchester and Leeds. All the large accountancy firms compete hard for able graduates, paying what manufacturing employers see as "silly money", which means more than the latter's top starting

levels of £10,000 or just over. But numbers of graduate trainees recruited each year at companies such as Charterhouse Tilney are relatively small. Even at the large Henry Cooke financial services group - which has offices in Leeds, London and Conwy in addition to a Manchester headquarters and employs 250 people - the number this year is three.

However, opportunities for graduates expand greatly after initial training towards a professional qualification. Accountants or solicitors in their mid-twenties who have served their time with the larger firms can find northern jobs in financial services paying around £20,000 a year with a car.

This may not sound much by some London standards, but it goes a long way in the north, where living costs are lower and housing is cheaper.

Nevertheless, Nick Jaspán, Henry Cooke's marketing manager, is brutally realistic. "Very few young people are going to be attracted from London without their having a special reason to want to live here," he says. "The bulk of our southern-born graduates are here because they want to northern universities."

Such a process might give them greater career progression based entirely in the north but most who want to fly high usually have to move to London.

As David Cross of Liverpool University puts it: "The real high-flyer in any profession or industry just cannot afford to have a locational preference."

FOCUS ON PILKINGTON

Shattering an image problem

Ian Hamilton Fazey on a company which must sell its location

PILKINGTON, the world's largest glassmaker, is one of the best known companies in Britain - or is it?

"When we're on the Milk Round in the south, particularly at Oxford, we find that two young people out of three do not know who we are and what we do," Tony Chaplin, head of group training and development, says.

This presents a dual problem for Pilkington when it sets out to recruit its yearly intake of graduates, a figure now past 100 and rising annually: not only does it have to sell itself for what it is, but it also has to sell the north, Scotland and North Wales, where most of its jobs are.

Pilkington has its world headquarters in St Helens,

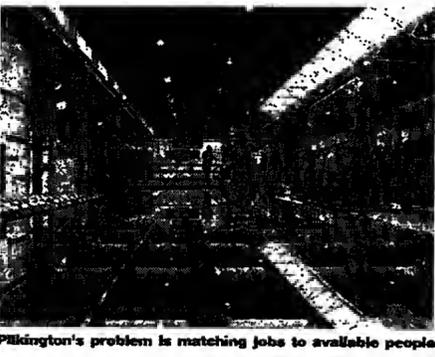
Merseyside. Like many other companies, it finds that being based in the north can be a considerable disadvantage in the search for talent. As one of the northern private sector's single largest recruiters of graduates, its experience is therefore a useful pointer to a general problem.

"We don't have much luck with people born and bred in

Sussex who go to, say, Exeter University," Chaplin says. Nor does the company do well at Oxford, although it fares better at Cambridge and Imperial College, London, where there are strong links to the company through research.

When it does attract good recruits from southern universities, they were usually from

Continued on p29



Pilkington's problem is matching jobs to available people

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THE MIDLANDS

Meeting your match

Richard Donkin on how to avoid London

FEW PEOPLE are indifferent about working in London. For many, there is simply no substitute for that feeling of the capital exudes of being at the centre of all things cultural, artistic, social and political. For the rest, London is a noisy, filthy, crime-ridden, expensive, hostile, hell-hole.

According to Sandy Blades, principal careers adviser at Coventry Polytechnic in the West Midlands, the result is that strong pro and anti-London lobbies exist among graduates. "Some of them will do almost anything to work there, while others will do almost anything to avoid it."

The large number of job opportunities in the capital makes life for the pro-lobby relatively easy. It is less so for students outside London who want to carry on living and working near their university or polytechnic after graduation.

Britain's higher educational system, after all, is a national one, not regional or local. Since universities and polytechnics draw their students from all over the country, there is no presumption that students have any natural affinity with the area where they graduate.

Consequently, employers tend not to look specifically to their local universities and polytechnics for employees, but instead trawl nationally for recruits among what is, for the most part, a highly mobile graduate population.

That can pose difficulties for those who have put down roots. Sandy Blades at Coventry cites the example of one graduate who endured a year's unemployment rather than accept a job that would take him away from his local church.

Another graduate greatly reduced his prospects by refusing to consider jobs beyond daily travelling distance from the commune he had joined in Northampton.

Those, perhaps, are unusual cases. But most universities and polytechnics include a proportion of students who were brought up locally and want to stay there. Other students from further afield develop local ties through the acquisition of spouses or partners; and some may simply grow so accustomed to a place that they cannot bring themselves to leave.

In a region like the Midlands, an area of intense economic activity, demand is sufficient to mop these graduates up.

The difficulty, more often, lies in matching local applicants with local opportunities.

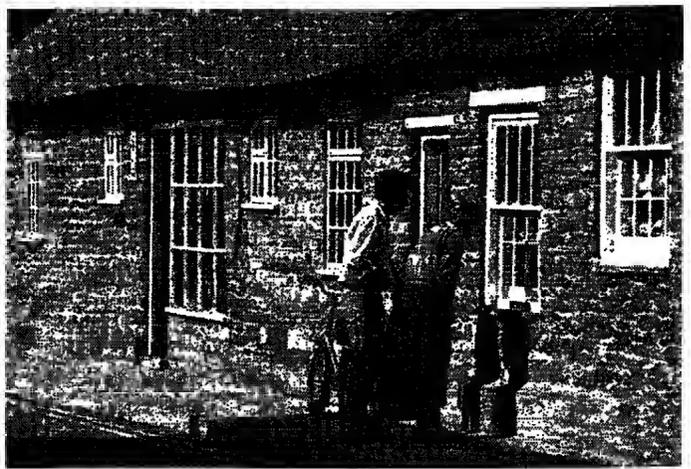
The Milk Round can sometimes achieve a match; large employers such as banks, retailers or utilities with a wide geographical spread of vacancies can sometimes accommodate the graduate on his or her own doorstep. But it is a cumbersome device, and ill-suited to the purpose.

Some large employers with a strong regional base often supplement the Milk Round by maintaining close links with local universities. Austin Rover, for example, with its strong West Midlands roots, draws a higher-than-average proportion of its graduates from Midland institutions - particularly Warwick University, where it sponsors tailor-made engineering courses.

But the local opportunities most often needlessly lost are those with small-to-medium-sized companies that recruit graduates irregularly and lack established links with the higher education system. Too often such employers fill their needs by advertising in the national or trade press, or else by poaching from others.



For many graduates from the Midlands, there is no comparison between London... and Leicestershire



Ian Davies, director of Birmingham University's careers service, says part of the problem lies with getting smaller businesses to approach their local university in the first place.

"There seems to be a lack of understanding among small to medium-sized businesses that they can come to a place like this for graduates. Sometimes, too, they're afraid to take on a graduate at all, either because they don't realise what a graduate can do for their business, or because they worry that they'll be over-qualified for the job."

Birmingham offers to advertise vacancies free of charge, Davies says, but the take-up remains poor in spite of a recent campaign to publicise the service.

At Loughborough University in the East Midlands, an attempt is being made to overcome the matter with a pioneering scheme called Gems - the Graduate Employment Matching Service.

Rather like a computer dating bureau - except that it is free to users - this is a computer service that aims to marry the needs of Midland employers with the skills and

interests of Midland graduates.

On the one hand, employers are invited through trade associations and chambers of commerce to register their recruitment needs on the computer, while, on the other, undergraduates at all 12 universities and polytechnics in the East and West Midlands are invited to register their interests and the degree they hope to obtain.

Undergraduates are sent details of employment prospects that may suit them, and can then apply to the company for an interview. If they do, they may find they are in the privileged position of being

interviewed for a vacancy not advertised elsewhere, because employers like to test the free service before splashing out on advertising.

The scheme is being run by Peter Cousins on secondment from Prudential Corporation, and is grant-aided by the Department of Employment. Officially launched in September, it has been running on an experimental basis for a year, but currently has 500 graduates and 460 companies on its books.

Cousins believes Gems is satisfying a trend among graduates to consider careers with

small companies. "They don't necessarily think big is best any more. Money isn't the be all and end all: they are looking for job satisfaction, and small firms are often better able to provide it."

Small companies tend to give their graduate recruits greater responsibility, Peter Cousins points out. The more dynamic ones may also hold out the chance of equity participation. And if starting pay is lower than in the London headquarters of a multinational, it will probably buy a better quality of life in Leicestershire than in London.

Continued from p28

the north in the first place.

As other northern companies also find, northern universities provide better hunting grounds. In Pilkington's case, Liverpool, Manchester, Leeds, Bradford, Keele and Lancaster, all of which are within 60 miles, are primary sources.

Students who have lived in the north also appreciate the quality of life that a northern career can offer, with house prices less crippling than the south, easier access to the countryside and sea, quicker and shorter travel to and from work, and generally more elbow room.

This rubs off on students from the south who move north to study, many of whom want to stay - if they can find

work. Pilkington's problem is therefore one of matching jobs to available, interested people who are good enough.

The company is always looking for two types of graduate: technologists who will work as such for at least their initial few years; and non-technologists with potential to be trained for a wide range of other management tasks. The split is 60-40 in favour of the generalists, who can have virtually any sort of background.

Jobs in Glasgow, which are filled primarily by graduates from Scottish universities and colleges, are mainly for technologists, as are those in St Asaph, North Wales, where the company's optics businesses are based.

The longer-term problems

are to ensure that technologists with good management potential get their chance to develop out of their speciality and that everyone understands where prospects lie in a decentralising group made up of an increasing number of smaller businesses.

Tony Chaplin says that accountants are hard to recruit because of competition from the large practices in the form of high salaries.

Electrical engineers for heavy plant are in even shorter supply. The company attempts to solve the problem by sponsoring students and offers longer-term training to stop them falling behind arts graduate trainees over future general management opportunities. Production management is

also unattractive and requires similar positive recruitment policies.

On the other hand, personnel posts attract many applicants, but Chaplin says that

We are gradually getting the message across in the south

most have little idea what the job entails because they see it as a type of industrial social work where they will be helping people. Those who understand the administrative and managerial realities, and who are likely to do well, are usually disinclined to work in the

north. Marketing - where more than half of applicants now are women - is another problem area, because it is the type of discipline where good people usually become useful very quickly. If there are not enough opportunities, they are poached southwards.

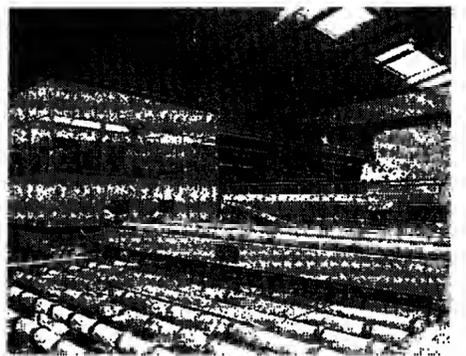
Wastage is therefore high for big northern companies. A similar situation applies in data processing. Tony Chaplin says: "We don't try to compete now with the big firms of accountants or with the information technology specialists. We want to hang on to our young people because we want to develop them."

"We are gradually getting the message across in the south that we have now shot

all the wolves in the north and we are getting the occasional applicant who wants to escape a poorer quality of life in an overcrowded south-east."

But what about the recognition problem? The company's great battle in resisting BTR's takeover bid nearly three years ago had a halo effect which lasted about 12 months, but Chaplin thinks the time has come to act positively on improving awareness. "We hope next year to target some of our corporate advertising at young people in the south," he says.

He is also going to start targeting German students and offering them careers in St Helens. He says French companies are already doing similarly -



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SMALL FIRMS

Where little is big

Charles Batchelor considers the pros and cons

IT IS HARD to conceive, amid the deluge of recruitment information put out by the large companies and public sector organisations, that it has been small firms which have been the most prolific creators of jobs in Britain over the past decade. While larger businesses have shed jobs, the majority of new employment opportunities have come from firms employing fewer than 200 people.

Yet only recently have universities and colleges started to pay any attention to the career opportunities available from starting one's own business or joining a small firm. Teachers are becoming more aware of the small business option; vacation opportunities to work in a small business are now available; and a growing number of courses in small business skills is on offer.

Unlike their American counterparts, British students do not yet have to pay their way through college. But increasing numbers of British undergraduates make use of term time or their vacations to gain some experience of running their own business.

Most entrepreneurs imagine their businesses will give them a comfortable living, possibly even riches. But the prime motivation for going it alone is a desire for independence. The other side of this particular coin is the loneliness which can come from running your own business once you are outside the college environment.

There may be no one, beyond your domestic partner, to turn to for advice or support. Bank managers, accountants, enterprise agencies and chambers of commerce can all provide some help. But, unlike

the newcomer in a large company, you will not be able to call on in-house experts to solve your problems.

Since you are unlikely to possess a broad range of business skills yourself, it may be advisable to find a partner or partners. The outward-going type who is good at dealing with customers and making sales might benefit from teaming up with someone who is less extrovert but who can make sure the accounts are kept up. A business partner must be chosen carefully, however, because a clash of personalities or a serious difference of opinion can wreck a young business.

The graduate who starts in business on his own account immediately after leaving college is unlikely to have much experience of the business world. An advantage, however,



Sunil Vadhwa (seated) is one of a growing number of graduates without a business school background to set up their own business after joining an enterprise scheme. He and his partner Abid Nawaz, an accountancy graduate, launched their gymnasium in Newcastle upon Tyne in 1986. They now have staff, more space and there are plans for further expansion.

is a freedom from many of the responsibilities - family, mortgage - which make older would-be entrepreneurs think twice before going it alone. If the business fails, and one in three new businesses do fall within the first three years - the impact won't be so serious. For the graduate who is not

attracted to the big company, but who wants to gain some business experience before starting on his or her own, there is the option of going to work for a small company. Life will be more secure in the well-established small business than in the one-person start-up.

wage levels are, in general, lower than those in large companies. There is unlikely to be a formal training scheme or management development policy.

Industrial relations in small firms may appear smooth because many are not unionised, but strong-minded entrepreneurs do not welcome dissent from their employees and conflicts are frequently resolved by the employee leaving the company.

This is not to suggest that it is better to go for a large company after all but that the graduate going into a small business must choose carefully. More and more small firms are making their recruitment needs known through university careers officers but many graduates have found jobs in small firms through personal contacts and newspaper or trade magazine advertisements.

Fortunately the opportunities to gain experience of both running one's own business and working in a small firm are on the increase.

The Graduate Gateway Programme takes unemployed graduates who have not found a job within two years of leaving university and gives them

experience of working in a small business. The graduate works on a project within a firm for up to 22 weeks.

The Graduate Enterprise Programme helps students set up their own business immediately after graduation. Graduates are given 12 weeks of training and support as they get their business established.

In addition there is the Shell Technology Enterprise Programme (STEP) which gives second-year undergraduates experience of working in a small firm in the long vacation before they start their final year.

Further information contact: Graduate Gateway Programme, Mrs V. Jones, Room W1024, The Training Agency, Moorfoot, Sheffield S1 4PQ. Tel 0742 594263; Graduate Enterprise Programme, Mr T. Gihbon, Room E834, The Training Agency, Moorfoot, Sheffield S1 4PQ. Tel 0742 594240; STEP, David Mallon or Anne Barry, Durham University Business School, Mill Hill Lane, Durham DH1 1LB. Tel 091 374 3385; The Young Entrepreneurs Network, Giles Redpath, Headbourne Worthy Grange, Winchester, Hampshire, SO23 7JX. Tel 0962 882661.

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INNOVATIONS

Gateway to experience

Ian Hamilton Fazez views an enterprising scheme

ARTHUR Rimmer says that most new graduates assume that only big companies provide jobs, even though there are about 1.5m small businesses in Britain.

"They never think of the small company as a job opportunity," he says. "On the other hand, small companies never think of hiring graduates either."

Yet businesses of all sizes are crying out for professional and managerial talent, as the quarterly surveys of Britain's regional chambers of commerce reveal. Matching demand to supply has required government intervention hot has yet to make significant impact.

Arthur Rimmer runs the Merseyside Innovation Centre, one of the first places of its kind to offer sheltered workspace to new small businesses with a technological bent.

It is attached to Liverpool University and the city's polytechnic, and was set up in the early 1980s with financial support from local authorities and government. Appropriately, it is housed in the building where pioneering atom-smashers used to work more than 50 years ago.

The centre has been doing another type of pioneering

since 1984. Then it staged a new type of scheme, sponsored by the Manpower Services Commission and the Institution of Mechanical Engineers, aimed at matching young graduates to small business needs.

The centre staged short courses in elementary business administration for selected graduates, who went on assignment to small businesses with problems to solve.

Early projects included bed design for maternity and geriatric wards in hospitals, rapid wine coolers for restaurants, and computer operated valves to control the flow of fluids in pipelines.

The scheme has become recognised much more widely, especially with similar success at the universities of Sheffield and Durham.

One of this experience evolved the Graduate Gateway scheme, funded by the Training Agency and run by several northern universities or associated institutions, such as the Merseyside Innovation Centre.

Elaine Prior of the Training Agency says that between September last year and June this year, 432 graduates took part in the Gateway programme - a typical year. More than 170 have now gone through the



Sheila Mason is now sales and marketing manager for the Southport company she joined under the Gateway scheme

Merseyside centre's hands, where the eighth cohort of 25 started last month.

The scheme recruits graduates who have been unemployed for at least six months. They get normal unemployment benefit, plus £10 a week training allowance and travelling expenses above a threshold of £4 a week, up to which they have pay themselves.

After two weeks of classroom-based "business appreciation" training, they are lent to a small business for 26 weeks to work on a project.

In Merseyside's case, the businesses usually come off the centre's list of more than 1,500 clients who have asked for some sort of help, usually

to solve specific problems or find suitable potential managers.

Arthur Rimmer says: "It's a very good way of recruiting. The business gets the use of a graduate's mind to analyse and hopefully solve a problem or two, while the graduate gets a look at small business

life. If they like each other, they take it from there themselves."

The businesses are often medium-sized rather than small, but since they are usually privately-owned they are not the sort which go on the annual Milk Round.

Apart from matching graduates with prospective employers, the scheme also helps with another problem: how to help graduates who want to stay in the north and not be forced to move south in search of work.

"Our experience has been that more than four in every five graduates has a job at the end of the Gateway scheme. About half get jobs with the small company they have been assigned to and a third go to other companies, often small ones," Rimmer says.

Other schemes to get graduates into small business are also proving effective. Shell and Durham University have pioneered a "step programme" which introduces second-year undergraduates to small business via short work experience and jobs in the long vacations.

Merseyside Innovation Centre has also started a manufacturing management programme with Liverpool University's school of engineering. This is open to people from any discipline and to those in, say, their mid-20s who want to change career direction.

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Handwritten text at the bottom of the page: "فاننا نعلم اننا نعلم"

The number of 18-year-olds will decline in the UK

THE DEMAND FOR GRADUATES: FACTS AND FIGURES

Jobs boom set to continue

Richard Pearson outlines the findings of a report published today

MANY students now in universities and polytechnics can look forward to rosy job prospects for much of the 1990s. The boom in job opportunities for graduates is set to continue, since demand is almost certain to outstrip supply well into the next decade. That will be true not just in Britain, but throughout most of Western Europe.

Indeed, as the 1980s come to an end, half the largest graduate recruiters have been unable to fill their vacancies for new graduates, reporting a recruitment shortfall of 10 per cent. As a result, starting salaries for many new graduates have pushed through the £10,000 barrier this year, with some graduate entrants to management consultancy and the financial sector earning over £14,000.

The pressures which will shape the labour market in the next decade are already at work, as a report published today by the Institute of Manpower Studies at Sussex University makes clear.

The most fundamental are demographic. The number of 18-20-year-olds is set to go into sharp decline, a trend which has entered popular consciousness as "the demographic time bomb". Yet it is easy to overstate the shortage of graduates which will result from the brute fact of demographic decline. Crucially, the fall in numbers will be least severe among the children of the middle classes - who dominate higher education. So the downturn in the number of graduates in the 1990s will be far less severe than that implied by the one-third decline among young people as a whole.

The demographic arithmetic is relatively simple, the impact of other changes less so. On the one hand, the introduction of student loans could dissuade some young people from entering higher education, intense employer competition for 18-year-olds might also divert potential students, thereby reducing the supply of graduates. On the other hand, educational reform such as the GCSE exam and the national curriculum could boost graduate numbers in the 1990s, especially if staying on rates in schools and colleges start to catch up with those in Continental Europe.

The best estimates available are that the flow of graduates from higher education will continue to rise until 1992. It will then level off until the late 1990s, when the population of young people is predicted to start growing again. By then, graduate numbers will be back to the levels of the early 1980s.

Meanwhile, demand for graduates from employers is likely to spiral, assuming there is no major economic recession. Since the peak of the last economic boom in 1979, the number of new graduates entering the jobs market has jumped by a third.



Anxious moments: A good result will help students take full advantage of the increasing recruitment opportunities

The largest individual recruiters now straddle the commercial/industrial divide with Peat, Marwick, McLintock, the accountancy firm, GEC-Marconi in electronics, and British Aerospace each seeking more than 1,000 graduates annually. Other major recruiters come from all sectors of the economy and include British Airways, ICI and Sainsbury as well as myriad small firms, while the professions such as the law, social work and surveying are also major recruiters.

Some of the factors fuelling

The demographic arithmetic is simple...

this growth might be distinctive to the 1980s, notably the surge in appetite for graduates by the financial sector in the run-up to Big Bang. But the most important underlying trends seem certain to continue into the next decade.

One is the healthy state of many traditional graduate recruiters: demand from the legal profession now outstrips that for teachers, while accountancy gobbles up over 11,000 graduates a year. Another is the tendency for some sectors, such as retailing, which in the past made little call on graduates, to turn for the first time to the universities and polytechnics for their managerial intake. A third is the long-term shift within sectors of the economy towards graduate-level jobs: thus gradu-

ate recruitment into engineering has risen by a third since 1982, even though total employment in the industry has fallen.

Few employers can forecast their vacancy levels for more than about a year ahead with any reliability, not just because their need for graduates is crucially determined by their own economic performance. It also depends on imponderables such as whether the nature of the work allows them to turn to school-leavers instead.

Nevertheless, the existing forecasts show demand for managers rising by about 12 per cent between 1987-95, while those for scientists and engineers will rise by over 20 per cent and those for other professionals by over 15 per cent. Graduates are expected to move into these jobs in ever-increasing numbers, as well as into self-employment and what has traditionally been non-graduate work, such as that done by technicians.

Demand for graduates to work for UK firms in Europe is set to rise, while recruiters in Europe are also expected to target UK business studies, applied science and engineering graduates as they seek to overcome their own shortages of skilled staff. Already in the 1980s the outflow of UK managers and professionals has shown a far faster growth than has the return flow into the UK.

Job prospects will, however, vary between sectors and according to each graduate's attributes. Pay and career prospects are likely to remain good in the professions and the financial sector. They should

improve in manufacturing and newer areas of graduate demand, such as retailing, as recruiters all seek to corner their share of graduates. The chronic shortfall in graduates in many engineering disciplines may intensify, particularly if the current swing in student preferences towards business studies and the professions continues.

By contrast, pay is likely to remain low by comparison in the public sector, although training and longer-term career development may be rather better.

... the impact of other changes is less so

The fact is that not all graduates have benefited from the surge of demand from employers. Many graduates emerge from college to relatively modest starting pay of £8,000-£9,000, while some go straight on to the dole queues. Graduate unemployment still stands at about 6 per cent, having fallen from a peak of 12 per cent during the recession of the early 1980s. Graduates without the right personal skills are struggling and one in four say they are under-employed in jobs that do not match their skills or aspirations.

Employers will have to cope with the changing make-up of graduates emerging from college. The small percentage of mature students - less than one in five at present - is likely to increase, partly to

compensate for the decline in 18-year-olds. The long-term growth in women students - they accounted for 43 per cent of the student population last year - is also set to continue. Some employers will adapt well to these trends and react flexibly to the tighter labour market by sponsoring more students and offering to pay off the new student loans.

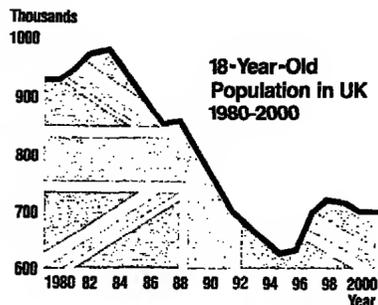
But many employers remain traditional in the type of graduates they seek and can be unduly restrictive, looking only to the universities and ignoring the polytechnics and colleges.

Prospects will be best for the well-rounded graduate with good personal skills and a good class of degree, particularly if they come from a numerate or business-related discipline. Problems will continue to exist for graduates who are highly selective in the jobs they seek or have poor personal skills, while some of those with weaker degrees will have to provide evidence of compensating attributes if they are to benefit from the boom. Older graduates may also continue to find difficulties in fitting into some employers' career streams.

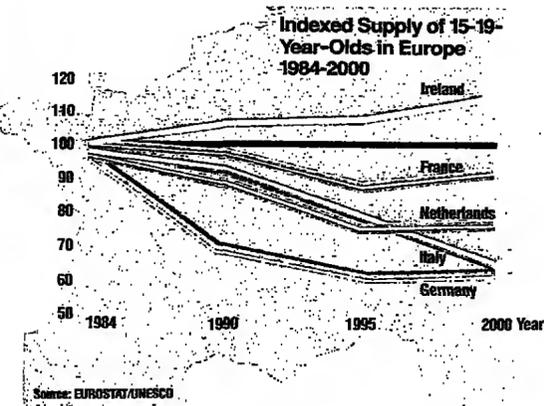
Overall, job prospects will improve but both job seekers and recruiters will have to be flexible if they are to profit in this tightening labour market.

*How Many Graduates Do You Need in the 21st Century? The Choice is Yours. IMS, Mantell Building, University of Sussex, Falmer, Brighton, Sussex BN1 9RF.

Richard Pearson is deputy director of the Institute of Manpower Studies.

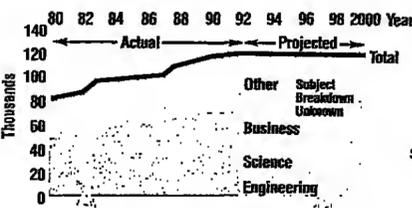


Numbers of 18-year-olds will also decline in most of Europe



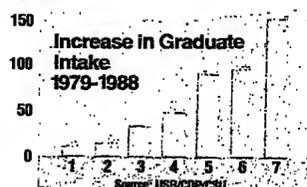
The number of graduates will not increase

Actual & Estimated Graduate Output 1980-2000



The last decade has seen a growth in demand

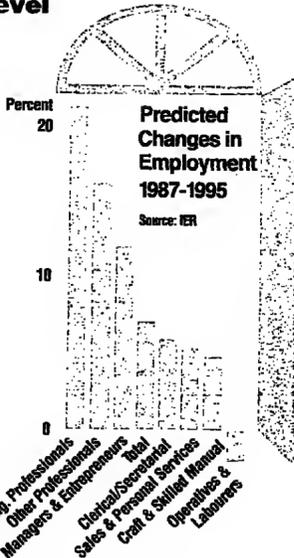
Percent Growth



- 1 Public Services
- 2 Manufacturing
- 3 All Sectors
- 4 Accountancy
- 5 Law
- 6 Other Commerce
- 7 Banking, Insurance and Finance

The boom in graduate-level jobs looks set to continue

Overall source for graphs: Institute of Manpower Studies, Sussex University



POST-GRADUATE RESEARCH

First class brains on the breadline

Paul Abrahams counts the cost of staying on

AS YOU watch your contemporaries rush into accountancy and other desirable occupations, the option of doing a master's degree or a doctorate may appear increasingly attractive.

Not least, both offer the opportunity to study in an area of your choice in considerable depth. And, in the case of a doctorate, there is the advantage of being no exams, though, admittedly, there is something of a mega-essay crisis at the end of it.

Both doctorates and MAs have the added bonus of allowing you to stay at college, organise your own time - without the need to feel guilty about missing lectures - and, if the research merits it, spend some time abroad. And finally, by doing post-graduate work, you can put off the evil day of making a decision about what you're going to do for the rest of your life.

There is a down-side to post-graduate life, however. Doing research, particularly in the humanities, can be a lonely business. Motivation can be something of a problem when the deadline for the dissertation is more than two years away.

You will also need an understanding bank-manager. Fund-

For those with means wanting to do an MA, it is possible to pay for oneself. But for a doctorate, the sum of university fees and subsistence over three years is prohibitive.

Poverty is an ever-pressing concern for a post-graduate explains Sarah King, who did an MA at Sussex University before doing a Ph.D. in feminist history at Thames Polytechnic. Even if you are lucky enough to get funding, the subsistence allowance is hardly generous. Sarah says that what she found particularly galling was seeing contemporaries going into the City while she struggled on a few thousand pounds a year.

The poverty problem is exacerbated by the difficulty of completing the thesis on time. Only 55 per cent of those starting humanity Ph.D.s most years actually finish within four years. Whatever subject you're studying, the chances are that you will spend at least a year without funding.

It's hardly surprising, then, that many give up their research after a couple of years. Latest figures show that 15 per cent of those with Economic and Social Research Council grants for postgraduate study withdrew within four years of starting.

needs to be considered is that the chances of using a doctorate to become an academic in higher education are at present more than limited.

For example, the History at Universities Defence Group estimates that only 12 per cent of history lecturers in higher



Poverty will be an ever-

education are under 30 and that only 19 per cent are under 40. It is likely that the same could be said for most subjects.

Since the chances of using a post-graduate degree to obtain an academic post are limited, you will eventually be forced on to the graduate recruitment market. Don't think, however, that a post-graduate degree will necessarily be an added bonus on your Curriculum Vitae. In part, it depends upon the subject of the thesis. Scientists, in general, fare far better than humanities students. A post-doctoral candidate can, on average, expect an offer about £4,000 more than a candidate with a good second class honours degree, if the job is outside London.

But, even for scientists, there are variations. Although, the demand for electronics and communications specialists is nine times the supply, there are five times too many physicists with qualifications related to particle and atomic physics. For those with further degrees in the humanities, the situation is far more difficult. Admittedly, MAs can be used as stepping stones (an MA in development studies is, for example, one of the ways into charitable work) and may improve your earning power, but many employers are wary of graduates with a Ph.D. unless the research has direct relevance to their sector.

Indeed, a Ph.D. can be a passport to discrimination. A personnel manager for one of the large solicitors firms in the City, with many applications and little time, has admitted that on seeing the letters Ph.D. she gave a cry of "freak" and placed the form in the reject tray.

The graduate recruitment market has changed since then. But recruiters are still suspicious. Paul Godwin, recruitment manager at Marks

company very rarely takes on post-graduates.

"Most post-graduate qualifications have no real relevance to our business," he says. "In addition, their expectations about remuneration and the job they are going to do are often too high. The problem is that they are offering little more to us than a normal 21-year-old."

It is clear that a carefully worked doctorate on Wittgenstein, the Effect of Ezra Pound's sex-life on his poetry, or the French Resistance in the Alps during the Second World War, holds little attraction for most employers.

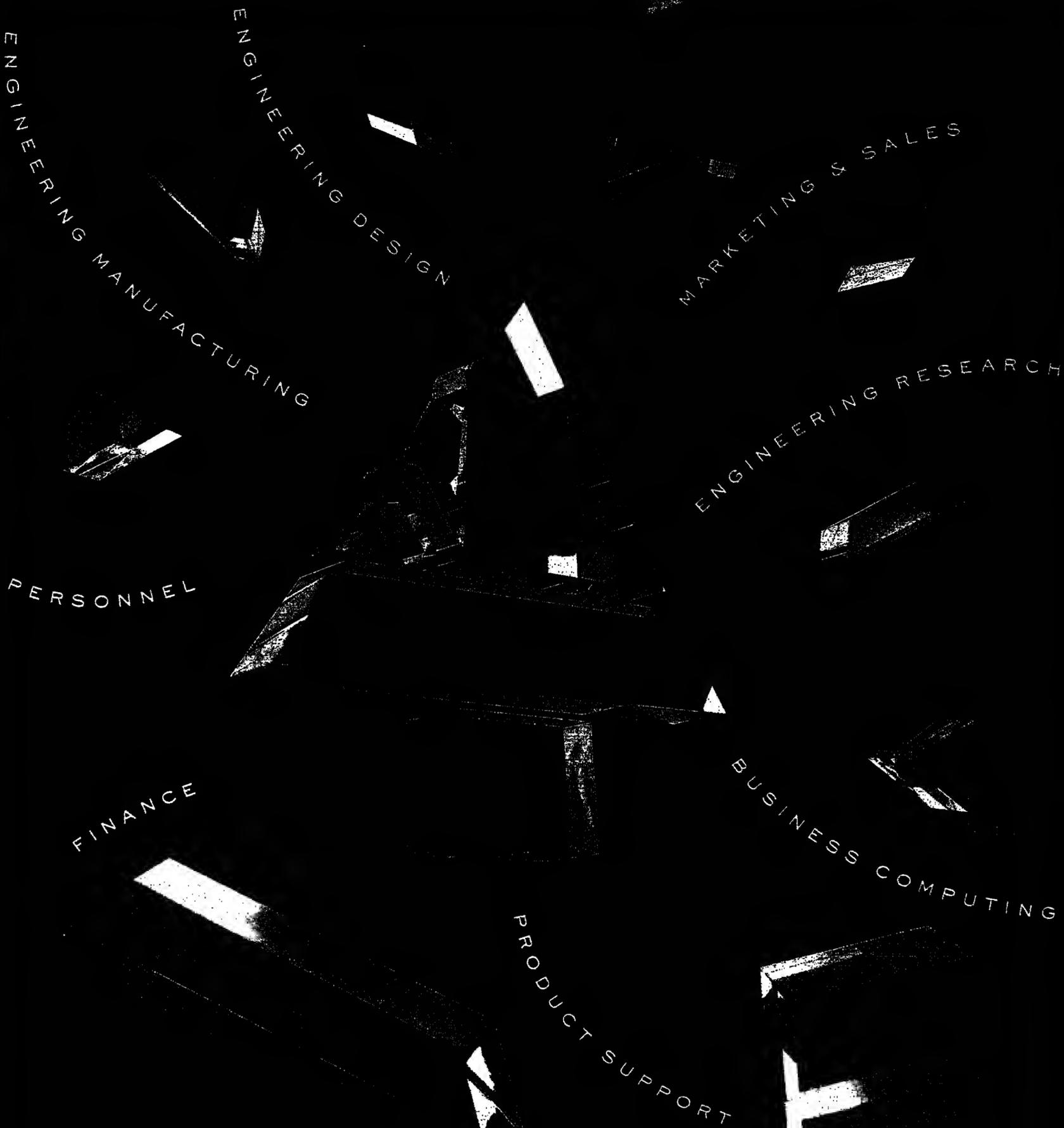
Nevertheless, there are ways for post-graduate students to sell themselves - if they are willing to compete with undergraduates and not expect special treatment.

If you can complete - and complete on time - you can point out that you are: ■ Part of the cream of the British university system. Those with Ph.D.s are ready-screened; competition for research places is intense and nearly all those who win British Academy or Research Council grants have Firsts or Upper Seconds.

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For sources of funding see "Postgraduate study and research" published by the Association of Graduate Careers Advisory Services available at the careers service.



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Career choice

COMPREHENSIVE A - Z GUIDE TO GRADUATE OPPORTUNITIES

A route through the maze

THE EVER-INCREASING demand by employers for new graduates has opened up opportunities for this generation of students denied to their predecessors.

Today's students can be more discriminating when they consider their career options. They can afford to look closely not just at initial pay rates, but at the training on offer, promotion prospects, chances to gain international experience and a host of other factors.

In this second section of Career Choice, the FT has asked its specialist writers to profile the sectors they cover. They draw on their day-to-day coverage of all the main sectors of the British economy to explain the immediate prospects facing over 50 industries and professions - from advertising to textiles, from accountancy to teaching, from aerospace to zoology.

The articles have been written with the interests of students very much in mind: they tackle issues likely to be of immediate concern to people contemplating a line of employment for the first time.

Outsiders often find it difficult to penetrate the image that an industry or profession likes to present of itself to the outside world. That is why the FT asked its writers to paint a fully-rounded picture of their sectors - explaining both the advantages and the possible drawbacks in any course of employment.

New graduates as a group may have more choices than ever before, but the student population is not an undifferentiated mass. Some degree subjects open up more opportunities than others. Graduate unemployment - albeit on a lower level than a few years ago - is likely to co-exist with strong employer demand.

In other words, more choice brings with it greater complexity. The articles in this section are designed to guide students through the recruitment maze.



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GEC operates in a wide range of markets. These illustrations indicate the diversity of the Company's business.

1. A Ruston TB gas turbine provides the power for Texaco's Tartan

Field platform.

2. The new light railway in London's Docklands uses railway vehicles powered by GEC Alsthom traction equipment.

3. GEC-Marconi's easily transportable radar is in service with the Royal Air Force.

4. The Skyet 4 military satellite carries an advanced communications

payload from GEC-Marconi.

5. GEC-Marconi's head-up displays equip General Dynamics F-16 aircraft.

6. Phoenix, the British Army's first fully equipped pilotless aircraft system,

for which GEC-Marconi is the prime contractor.

7. Some of the premier brand names in Britain's domestic appliance industry are those of GEC companies.

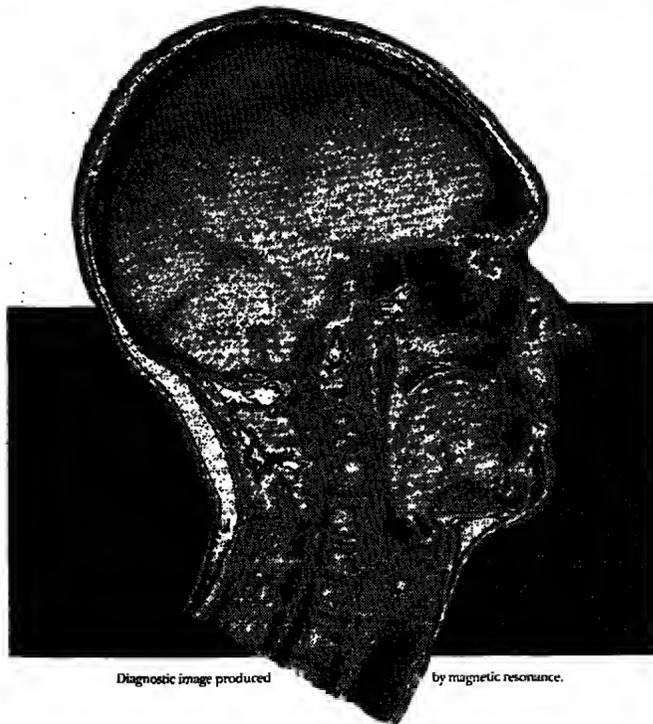
Above is a prize-winning Hotpoint automatic washing machine.

8. A patient being positioned in a Picker magnetic resonance diagnostic scanner.

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ACCOUNTANCY

Meal-ticket for life after a rigorous training

Last year a staggering one in six of all graduates entering the labour market went into an accountancy career of one form or another. A single employer, Peat Marwick Mitchell, took on more than 1,000 graduates, almost the entire intake of those opting for a more altruistic career in social work.

What is the appeal of accountancy, that it manages to overcome its image of stupefying dullness and attract an increasing number of bright people? Is it simply that UK graduates are less adventurous than their counterparts in the US, who would rather go to law or business schools? Or are the attractions of a career in this most arid of disciplines genuinely compelling?

The fact is that accountancy - via its different branches in the auditing profession, in industry or in the public sector - offers something virtually unique in the UK. That is, a rigorous business training leading to a recognised qualification which, after a few years of drudgery, is a "meal-ticket" for life.

There are a variety of entry points to the profession. By far the most prestigious - although not necessarily the most remunerative to start off with - is to enter into a three-year training contract with a chartered accountancy practice. There is a wide choice within this market - the student could opt for anything from one of the major practices to a small provincial firm.

A diet of auditing - taking steps to assess whether a company's accounts are "true and fair" - is supplemented by onerous study requirements and three sets of tough exams.

Alternatively, if one wants early, gritty exposure to tough business decisions, one could opt to train for the Chartered Institute of Management Accountants while working in industry. Here one has less study leave than in the



Outside the Price Waterhouse building, London Bridge: recent recruits Richard Avery (left), Monica Dhir and John Thymne

auditing profession, and the work is more concerned with the preparation of accounts for use by management.

Or, if attracted by the health service or other parts of the public sector, one could train to become a member of the Chartered Institute of Public Finance and Accountancy (Cipfa).

The recruitment scene has been getting more competitive - from the employers' point

of view, that is - over recent years and is likely to become more so. Those responsible for recruitment, whether in industry or in public practice, are heartily pleased that competition from the City of London for the best graduates has diminished since the October 1987 crash. But they are afraid that demographics and the onset of student loans will mean little increase in the student population throughout

much of the 1990s. Employers have responded to the tighter market for graduates in all sorts of ways, not least by paying ever higher salaries. The gap between what people are paid in accountancy and elsewhere - traditionally quite large to reflect training costs - is narrowing. Furthermore, the differential between starting salaries for trainee chartered accountancy and those training to be accountants in industry is narrowing too - and is eliminated on qualification.

A recent survey suggests that first year trainee accountants in the professional sector are paid an average of £9,157, compared to £11,030 in industry and £11,567 in the public sector. Three years of study and hard labour later, the chartered variety of accountant comes out ahead with £17,760, against £16,275 in public practice and £16,590 in industry. The differential between the salary paid to all accountants and that paid to all graduates has narrowed to 2.4 per cent.

Competition means that bright students are getting an ever better deal, pay notwithstanding. The major accountancy outfits will offer all sorts of carrots: real business training, the chance for early secondments overseas and so on. More importantly, several of the big firms are starting to recruit accounting technicians - school-leavers - to do some of the more mundane work associated with auditing. This means that graduates should find themselves doing more interesting work.

Huge numbers of people drift into accountancy for the wrong reasons: they cannot be bothered to look for anything else, or they fall for the marketing blarney put out by the big recruiters. The fact is that training for the professional exams is very rigorous and very technical. The work itself can be mundane in the extreme. It is a tribute to accountants' recently acquired salesmanship skills that auditing can sound interesting, when, in fact, it is dull beyond belief.

People going into accountancy should do so with their eyes open, recognising that unless they have some extraordinary aptitude for double entry book-keeping, the study requirements will obliterate all social life for three years. The practical work undertaken will frequently be clerical and numbingly tedious.

At the end of the training period, the qualified accountant will have many job options, but the bulk of the options will be within one branch of accountancy or another. Only the very brightest candidates will be able to talk themselves into purely commercial jobs or those exciting positions in the City or venture capital. But then, the very brightest people would have been able to talk themselves into such jobs in the first place...

David Waller

Accountants in England & Wales: PO Box 433, Moorgate Place, London EC2P 2BJ. Chartered Institute of Management Accountants, Education and Training Department, 63 Portland Place, London W1N 4AB. Chartered Institute of Public Finance and Accountancy, 2 Robert St, London WC2N 6RH. Institute of Chartered Accountants of Scotland, 27 Queen St, Edinburgh EH2 1LA.

mega-mergers has provoked a degree of perplexity in almost all those who have any dealings with accountancy firms. Why, asks everyone from clients to financial journalists to competitors in smaller accountancy firms, do the big firms want to get even bigger?

Graduates looking for a job with the Big Six are entitled to ask the same question. Perish the thought that there is no very good answer... that the firms wanted to get bigger simply for the sake of vainglorious self-aggrandisement and empire-building.

Given the upheaval in the industry, a career in accountancy seems suddenly more exciting than even the most exuberant recruitment blurb might have portrayed in the past. Boredom - the traditional lot of the audit clerk - will be replaced by the titillation of uncertainty, of defecting clients, warring partners and massive bureaucracy.

In this environment - where a patina of reassurance from the personnel department will encrust a magma of seething post-merger rivalries - the graduate approaching a career in chartered accountancy would do well to be more discerning in his or her choice of employer than is traditionally the case.

Cast the recruitment rhetoric aside, and ask what the job of the trainee chartered accountant in one of the Big Eight/Six actually entails. The answer is, three years of clerical drudgery punctuated by long periods of study for fiendishly technical examinations. One slip in the exam timetable, and the drudgery dimension to this is increased by months, if not years.

At the end of the period, one has a qualification - the vital letters ACA after one's name

- which are the key to a variety of different jobs outside the profession. A variety of different accounting jobs, that is.

What this all boils down to, is that graduates wishing to add the undoubtedly valuable "brand name" of a large firm chartered accountancy qualification to their CVs, should indulge in plenty of navel-gazing before launching out onto what could be three years of hell. Once one is absolutely sure that the motivation is in place, be doubly, even triply sceptical of the promises made when the Milk Round gets under way.

Competition for the top graduates has intensified over recent years - largely in response to the mega-salaries paid in the City - and is likely to get tougher as the graduate population creeps downwards over the 1990s.

This means that market forces are forcing the firms to make the work more attractive to those graduates who feel capable of doing more than process photocopies and verify signatures on bundles of invoices. All the firms are investing heavily in labour-saving technology to do some of the more mundane audit tasks.

The big firms - particularly those entering the recruitment fray with the disadvantage of not knowing themselves whether they are going to merge or not - will invent ever more ingenious ways of wooing ambitious graduates. Long-term promises - opportunities overseas, MBAs, a spell in management consultancy - will beckon. Short term, there's likely to be more money on the table, too.

DW

Mergers provoke a degree of perplexity

When this article was first thought of some months ago the brief was to write about job prospects with the Big Eight accountancy firms.

By the time it was written it was not clear whether to talk about job prospects with the Big Seven, the Big Five, or the Big Four.

By the time it was ready to go to press, Price Waterhouse and Arthur Andersen had called off their merger talks. By the time you read it, Deloitte Haskins & Sells may have got together with Touche Ross and you will be thinking of applying for a job at one of the Big Six.

For those in search of a modicum of stability, Ernst & Whinney and Arthur Young will have been Ernst & Young for a matter of months at least. Resting on its merger laurels will be Peat Marwick Mitchell, which merged with KMG in 1986 to form KPMG. And Coopers & Lybrand will be there all on its own - rather proud to be the firm left out in the cold.

The latest round of

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"Best thing I ever did"

"The opportunities are vast"

"No barriers that can't be overcome"

"They look at you as a whole person"

"Give 100% and you will be rewarded"



Tony Hancock in The Rebel, with... (text is partially obscured)

Handwritten text in Arabic script: [عنوان غير واضح]

Accounting at the coal-face of industry

Ah, to be an accountant in industry.

The combination of accountancy and manufacturing must represent one of the grittiest and "coal-face" types of job for the would-be entrepreneur. Not for you the namby-pambying around a service industry; here is an opportunity to get to grips with business at its most basic.

The structure of a career in so-called management accountancy is rather different from other branches of the profession. The graduate does not join a firm, along with hundreds of other graduates. Instead, he or she goes on a training scheme with a (typically) big company such as Rolls-Royce or Courtaulds, as one of an intake limited to perhaps a dozen people each year.

The work experience and the professional training differ radically from that required of a would-be chartered accountant.

In the early days the nature of the job will be defined by the requirements of the Chartered Institute of Management Accountants.

The student wishing to sport the CIMA letters after his or her name must not only pass a series of exams - he or she must also accumulate experience in four areas and this must be over a total of three years.

These areas are:
 ■ Basic accounting;
 ■ Management accounting;
 ■ "Participation in decision-making";
 ■ General experience. This would take in secondments to business functions as various as personnel and marketing.

Whilst a trainee chartered accountant spends the bulk of the three year training contract visiting the offices of clients, checking cash-books, systems and performing all the tasks required to conduct an audit, CIMA students gradually work their way through the basic accounting disciplines to a more responsible management role

in the organisation.

Thus one might start off performing cash-book reconciliations for a far-flung subsidiary of a multinational, ending up a few years later as financial controller of a small division of the company or as a financial accountant at head office or indeed - as is increasingly popular these days - in the treasury department, managing the group's borrowings and currency exposure.

The work differs from public practice in that one is concentrating on putting together accounts, figures, information and the like for the internal use of company decision-makers. In the profession, the focus of the job is on assessing whether a company's accounts are "true



and fair" and are thus fit for presentation to a public consisting of investors, lenders, creditors and, occasionally, financial journalists.

The degree of exam study differs enormously from that expected of an aspiring chartered accountant. Those in public practice are required to spend no less than 26 weeks studying during the course of the three year training contract; those trying to qualify as management accountants might get away with as little as two weeks a year over a similar period. By implication, training is a lot less formalised and regimented in industry, and one must have a greater degree of self-discipline in order to get through the exams first time. Those in the profession tend

to berate industry in the following terms: the trainee is stuck within one vast organisation and misses out on the exposure to a variety of industries acquired by the auditor. As a marketing point at a graduate recruitment fair, that is true. In practice, the graduate should weigh up the greater degree of commercial exposure obtained in industry against the plethora of audit clients that one may be exposed to in public practice.

Other possible arguments against a career in industry are: (a) the CIMA qualification is not as prestigious as that of the English Institute, (b) industry may not be as stimulating a place to work as the profession and (c) there are fewer opportunities on qualification. The first of these points is strenuously disputed by CIMA itself, as it would be, but there is no doubt that the letters ACA are still better known outside industry than CIMA.

As one of only a handful of graduates entering a big company very near the bottom, and a profession which still recruits the bulk of its members among non-graduates, one will, indeed, lack the camaraderie associated with the high professional practices where hundreds of bright graduates can console one another over the sorrows of their lot.

As for mobility, anecdotal evidence would suggest that there are few people with CIMA after their name working in the corporate finance departments of the major merchant banks. There is, however, a huge variety of jobs available for qualified management accountants in industry, and an increasing number of management accountants in top financial jobs in industry.

Accountants in industry start off being paid more than their counterparts in the profession but this lead is eroded, on average, by the time of qualification.

Industrialists frequently say that those opting for a job in management accountancy know what they want, whereas those going into the profession have not quite made up their minds. There would appear to be some truth in this. A graduate who chooses a well-structured scheme with a big company could soon be doing much more management than accountancy.

DW

ACTUARIAL OPPORTUNITIES

Problems based on maths multiply

Actuaries in the UK will never outnumber accountants. More than two centuries after the profession was invented, there are still only about 3,400 of these curious mathematical creatures in Britain, working in the insurance and pensions industries, in the Government Actuary's Department, as stockbrokers or, in a few cases, in university actuarial science departments. The number is growing rapidly, though, as this well-paid mathematics-based profession finds new fields to conquer.

One striking statistic, chosen at random, is that five of the largest UK insurers - Prudential, Legal & General, Norwich Union, Scottish Widows and Standard Life - recruited 65 trainee actuaries in 1988. A pessimist might have thought a few years ago that micro-electronics would put actuaries out of a job. Until relatively recently, after all, the actuary's working life was dominated by complex but repetitive calculations, which can now be done by computer.

The reality, though, has been very different. A good guide is the number of UK students enrolling with the London-based Institute of Actuaries, the professional body for England and Wales (the equivalent Scottish body is the Edinburgh-based Faculty of Actuaries). The bulk of these students would be trainees recruited by insurance companies or firms of consulting actuaries, and the number enrolling with the Institute rose between 1982 and 1988 by an average of 10.2 per cent each year. There seems little prospect of any slow-down: on the contrary, in 1987, 469 students enrolled - up 23 per cent on 1986 - though not all of them, of course, will emerge as fully-fledged actuaries, not least because the average period taken to pass the Institute's rigorous examinations is 7.3 years. Why is the profession



Complex but repetitive calculations used to dominate an actuary's life

growing in this way?

One background reason is the vigour with which the life assurance industry has been expanding since the early 1980s, with a series of sales booms from house purchase-related life policies. There have also been new investment products and personal pensions.

Simultaneously, the creation of a new regulatory framework for life assurance in the UK, and the increasing number of mergers and takeovers of life companies have - rather paradoxically - multiplied the work for actuaries.

A further factor, visible in all the major Western economies but especially the

US and UK, has been the proliferation of new legislation on retirement benefits. Put simply, governments are keen to encourage more private pension provision, to take the strain off state systems.

Interpreting the new legislation - which often involves complex tax issues - and then designing new pensions products offers a fertile field for actuaries. This has particularly been the province of consulting firms with names such as Bacon & Woodrow, R Watson and William P Mercer-Fraser.

Added to the increased work brought about by new legislation, new uses have also been found for actuarial skills

- beyond the traditional role of the actuary as financial manager of a life assurance company or a pension scheme.

One example is the development since the 1960s of actuarial ways of analysing statistics in so-called "non-life insurance" (known in the US as "property/casualty"), such as motor, household, or liability insurance. For instance, in the last five years or so actuaries have begun making inroads in the Lloyd's of London insurance market, where they help calculate the reserves insurers need to set up to meet claims arising under the type of special policies Lloyd's issues to big commercial customers.

Broadly speaking, graduate recruiters of actuarial trainees fall into two categories. There are the actuarial consulting firms, the activities of which include measuring investment performance, advising pension funds, work on product design, and research and development. The other category is made up of the insurance companies themselves. Once qualified or nearly-qualified, though, the young actuary can begin to look further afield - for instance, to working as an analyst with a stockbroking firm, in management consultancy, or in investment management.

Nick Bunker

WE'RE LOOKING FOR LEADERS - NOTHING LESS

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INFORMATION PACK 1990

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UNILEVER - TRAINING LEADERS

ADVERTISING

Know your way round the WCRSs and BBDOs

David Bernstein, one of advertising's wittier gurus, recalls that shortly after he got his first job in the industry, his Uncle Joe, a Polish tailor, asked him how he had spent the day.

Bernstein proudly recounted that he had sat through 15 takes at a recording session, written a leaflet for a garage, checked numerous proofs, and done some lasting damage to a jungle. There was a long pause. Then Uncle Joe queried: "For this you went to Oxford?"

Times have changed. Competition for jobs in advertising is now so intense, it definitely helps to have been to Oxford. According to John Hudson, director of Durham University's careers service, Oxford has provided at least half of the graduate entrants for the past 20 years.

These historical links, however, may be loosening. The industry is beginning to cast its net more widely among universities and polytechnics, stirred by doubts about whether the calibre and commitment of its intake is being maintained.

This year, for instance, J. Walter Thompson, as well as covering UK universities from Aberdeen to Sussex, was also recruiting graduates in Italy, Portugal and Spain.

With the rapid growth of the agency networks in Europe, a second language is becoming an increasingly valuable asset. A spell in a European office is now a routine part of the training in bigger agencies.

This international dimension is enhancing the campus appeal of "a creative career" in an industry which is already seen as exciting and well-paid. The popular image of the business is, to some extent, accurate. But it is a hard, business field: fast-moving, highly competitive, and constantly demanding. The fact that it is now facing, for the first time for 15 years, the prospect of slowing growth rates is likely to make the life even tougher.

Agencies in the UK recruit around 120-150 graduates a year as trainee account executives and planners - who work with the client to decide the aims, budget and broad outlines of a campaign. The competition is heavy: there are usually 2,000-3,000 graduates in the hunt. BMP London regularly has 1,500-2,000 applications for 6-8 jobs.

There are also openings for trainee media planners and buyers - who plan the placing of advertisements to reach target audiences through press or television, and negotiate the rates of payment for TV spots or newspaper space. This side of the business is growing in importance, and also acquiring a European dimension. Apart from the advertising agencies, some of which are now following Saatchi & Saatchi's lead in consolidating media buying in a separate company, Zenith, there are several successful independents in the field.

Some agencies recruit on the Milk Round but more openings still seem to be found through direct applications, particularly in the creative areas of art and design, and copywriting, where examples of work are more important than academic qualification.

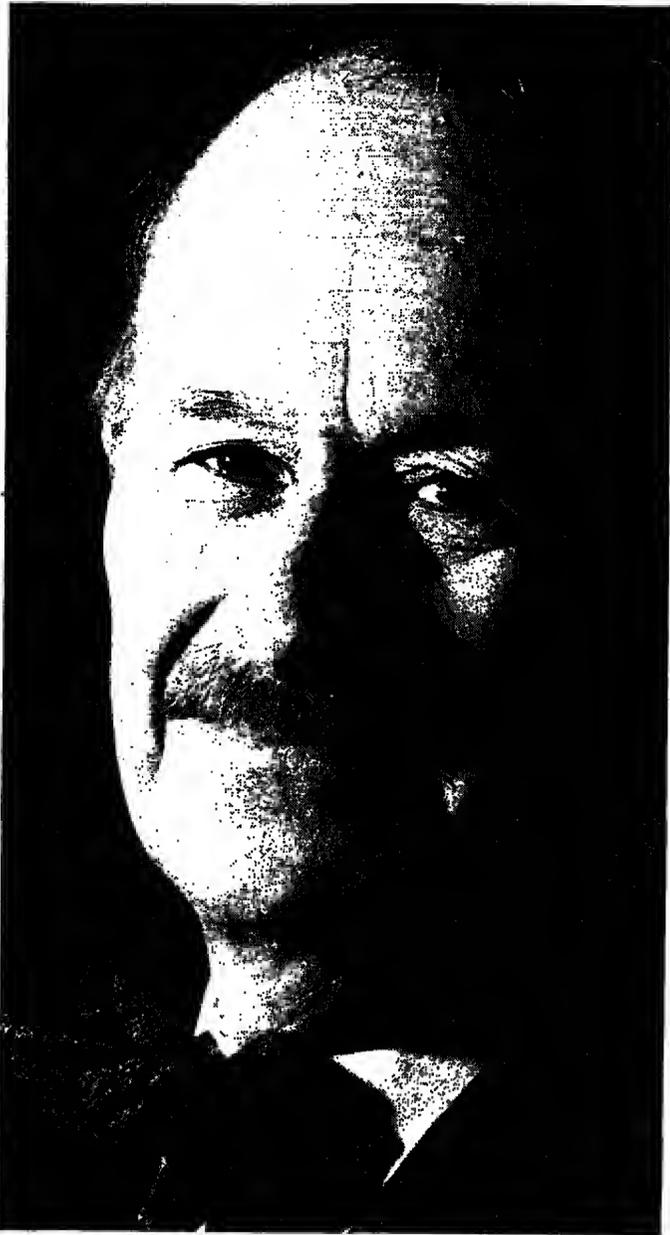
Men and women are considered equally. The class of degree is more important than the discipline, though a scientific turn of mind is usually needed as an agency planner. Commitment is the first quality that most agencies look for. Applicants who are merely considering advertising as an alternative to banking or accountancy won't get far.

Employers expect job-seekers to be able to distinguish between BBDO, WCRS, and all the other initials that plague the industry; to know something about current events and trends; to be familiar with the latest advertising campaigns, press and posters as well as television; and to be aware of the work done for major clients by specific agencies.

A study of the specialist magazines covering the industry - Campaign, Marketing Week, Marketing, and Media Week - is recommended.

Ability to work under pressure, and the stamina to do so for lengthy periods, is essential. Agency staff usually work in small teams, so there is no room for passengers. Teamwork also calls for an ability to get on with people.

Employers are looking, too, for analytical skills. Researching, planning, and implementing a campaign is a complex affair involving choices between many options. Those who have these



David Bernstein: for this he went to Oxford

talents, and the determination to get through the sort of exhaustive sifting by which JWT this year found 10 new employees from more than 1,000 applicants, can expect a starting salary of around £10-11,000.

In most agencies, on-the-job training usually involves attachment to an experienced account or media executive to pick up the basics of television, press and poster advertising. Trainees generally spend some months both on a major account, involving several brands, and on a smaller account in a different business field.

More formal off-the-job

training covers such skills as report writing and presentation, research, and computer literacy.

After that, promotion can be as fast, and as high and rewarding as ability, hard work, and the talent for spotting and seizing opportunities, allow.

James Best, chairman of BMP, joined the agency as a graduate planner, for instance. But there is a great deal of job movement at all levels - and, for the highfliers, still chances to set up their own agencies before they turn 40.

Philip Rawstone

AEROSPACE
High-flyers poised for immediate take-off

Few industries match the demands of aerospace for graduates and few industries will suffer more sharply than aerospace if it does not get them: that's good news for job hunting graduates. A report by the Society of

British Aerospace Companies, the UK industry's trade association, said that aerospace, with its reliance on graduates, will face increasing competition from Europe - recruits could be attracted overseas by higher salaries and opportunities for greater experience.

The UK industry needs at least 1,000 graduates just to sustain its graduate base in the face of an annual loss of 2 per cent of its graduates, according to Ron Howard, the society's president and managing director of GEC Avionics at Rochester, where a quarter of the 6,000 workforce are graduates.

To sustain its present ratio of one graduate in every five employees and to cater for the 5 to 7 per cent annual growth forecast for the industry to the end of the century, the UK aerospace industry, as a whole, requires at least double that figure each year.

Aerospace companies in the UK are now prepared to pay well above the average starting salaries to get the top quality people they need. A typical starting salary for a graduate of about £10,000 could rise by between 10 and 20 per cent where a company is keen to recruit a high-calibre applicant.

New types of bright young people are needed to cope with changes in the aerospace industry: the software engineer, the project manager, and those with business and economic skills. According to Mike Chapman, chairman of the education and training committee of SBAC, much greater managerial skills are needed with the use of fixed price contracts for defence and the wider use of commercial penalties if a contract goes wrong.

The industry includes the design, manufacture and marketing of airliners, military aircraft, missiles and a host of associated electronic equipment, including radar, space communications satellites and rockets.

Britain's aerospace industry is made up of a few very large industrial companies, such as British Aerospace and Rolls-Royce, and hundreds of smaller companies. Together they employ just over 200,000 people.

British Aerospace, the biggest company in the UK industry, requires graduates for its four main aerospace businesses, military aircraft, guided weapons, commercial aircraft and space. The intake of graduates at BAe rose from 660 in 1986 to practically 1,000 this year and graduates now make up about 20 per cent of the British Aerospace workforce.

BAe does not offer graduates a pre-defined career path - opportunities are "slightly more in the hands of individuals than the company", which takes responsibility for basic training and the need to plan successors for key jobs.

BAe offers opportunities for all engineering and science disciplines and will even take a physics graduate and train him or her for engineering in BAe.

Arts and language graduates can apply for the wide range of non-technical posts available in BAe, including computing

posts. BAe has an initial management programme for graduates with 18 months experience and outstanding ability, subject to assessment for suitability.

Rolls-Royce, the second largest aerospace company in the UK, has a requirement for a total of 200 graduates for direct entry to the company this year, in addition to 84 sponsored undergraduates. Next year the company expects to recruit 230 direct-entry graduates and 90 sponsored undergraduates.

Almost half of the intake is made up of engineering graduates, covering aeronautical, electrical, manufacturing, production, design and mechanical

Howard, its managing director, said the company needs people who can handle high technology but it did not want to frighten people away, whatever their level of graduate achievement. Graduates start life with GEC Avionics, part of the giant GEC group of electrical and electronic companies, in a project team and are allocated to a senior engineer who acts as overseer.

Other companies in the UK aerospace industry include Short Brothers, the Belfast company recently sold by the Government to the Canadian Bombardier group. In the west of England, Westland makes helicopters, but has had a troubled history, with its



Technicians at work on the Hawk 200

engineering. A total of 22 per cent of the graduate intake is from metallurgy, materials science, physics and applied physics.

Twelve per cent of graduates have qualifications in business studies, law and accountancy. Seven per cent are mathematicians and six per cent have degrees in computing studies. The remaining five per cent of the direct entry graduate intake comes from a variety of other disciplines.

John Rice, the company head of training operations at Rolls-Royce, said the direct entry scheme was very flexible, with courses for new graduates lasting from six months to two years, with a typical course lasting 18 months. Each course is tailored to the needs of individual graduates.

GEC Avionics is an example of a company working in the electronics sector of aerospace. It makes advanced display systems for fighter aircraft.

The company has a need for between 110 and 150 graduates a year and expects to recruit 130 graduates this year for its main factory at Rochester, Kent, where 6,000 people are employed. Ron

dependence on military work. Its future success is currently tied closely to the EH 101 Anglo-Italian helicopter and to the WS-70 Black Hawk version of the US Sikorsky S-70A helicopter.

Britain's aerospace industry has hundreds of smaller companies making parts or equipment for the larger aircraft and missile makers. Well-known names include Lucas Aerospace, Hunting Engineering, Plessey, recently absorbed into GEC and the German company Siemens. The Marconi group of companies within GEC and Thorn Emi Electronics.

Lynton McLain

Further information: Society of British Aerospace Companies, 29 King Street, St James's, London SW1Y 6RD. Papers from a seminar on Training Needs in the Aerospace Industry held at Bristol University in September may also be obtained from Don Carleton, Information Officer, University of Bristol, 8 Priory Road, Bristol BS8 1TZ.

Behind the scenes of distressed humanity

Civil aviation embraces the supposedly glamorous world of international airlines and is not quite so glamorous world of air traffic control.

Both sectors have a great capacity for causing frustration among air travellers in the peak summer season, when the airline business is associated in the public mind with crowded airports, delays and disruption.

The problems of overcrowding and delayed departures reflect a booming civil aviation industry, as well as the need for modernisation and expansion of the air traffic control system and its full integration with other European controllers. Much of this expansion is already under way. Behind the scenes of distressed humanity at Britain's crowded airports, civil aviation remains one of the most competitive and highest technology areas in the public arena.

The industry continues to grow at a rapid pace, ensuring a rising requirement for qualified people. Demand this year for airliners, engines and related parts and services is expected to be almost a third higher than last year. Demand is forecast to rise by 20 per cent again in 1990, when the world market will be approaching \$40bn.

For a long time Britain has had a dominant role in civil aviation and it continues to be successful in maintaining a healthy airline sector. In air traffic control, the Civil Aviation Authority and the Ministry of Defence oversee some of the most intensively used airspace in the world, with the London to Paris and Amsterdam routes the busiest in Europe.

British Airways is one of the largest international airlines with 49,000 staff, yet, paradoxically, British Airways does not even see itself as an airline but as an "international service business". This gives a clue as to why 150 graduates out of the 200 graduates BA needs each year are for work in information technology, based mainly on computers. There is intense competition for places, with around 6,000 graduates applying each year.

Only a few graduates may be recruited as trainee airline pilots and air stewardesses. Most of the 240 trainee pilots join as cadets, rather than graduates, and they have a separate training programme. The entry point for all graduates at BA is the common general management programme, with the overall objective for BA to "grow" its managers internally, rather than recruit management from outside.

BA also operates a "young professionals programme" to train graduates, and others of graduate calibre, to become general business managers. Out of the 2,500 people who apply, 15 trainees aged between 21 and 26 years are picked for the young professionals programme each year.

The young professional programme trainees start at a salary of £11,000 and they become entitled to share in the British Airways profit sharing scheme, which gives eligible employees a month's extra salary.

The first job for a freshly trained "young professional" at BA could be as a supervisor in an airport terminal, on a salary of between £12,000 and £14,000 after six months, supervising 30 to 40 people.

For information technology personnel, BA has developed a new selection process, which recognises that there is a need for the trainees to be "very business aware and able to work in other areas of the airline".

US and States airlines and other national airlines provide international competition to British Airways and, in the UK, airlines such as British Midland and Air UK, which compete directly with BA on some of its short haul shuttle routes, are also growing rapidly and offer opportunities for graduates.

In air traffic control, the requirement for highly qualified graduates is smaller. The Civil Aviation Authority takes between 20 and 30 graduates a year, mainly in various engineering skills, especially computing science and electronic engineering. The CAA has had difficulty recruiting and training sufficient qualified staff, partly because of competition for the graduates from other high technology industries.

UK air traffic controllers have in recent times voiced concern about their working conditions, often based on old equipment and traditional systems, and their pay, which they regard as inadequate.



Gatwick: the problems of overcrowding and delayed departures reflect a booming industry

هناك امر الجاهل

ARCHITECTURE**Seven-year build-up requires stamina**

So you want to be an architect? You would, if you had applied last year, have joined some 15,000 other hopefuls who have enrolled as new entrants to the profession. Less than 100 of these students would have enrolled on a part-time course. The important thing to remember is that architectural training is a long-term business and you are in for seven years full training whether you are a graduate or not.

Your education and training is measured out in tranches that relate to the professional examinations. Part One after three years, Part Two after a further three years including one year's practical experience, and one year later you finally qualify by taking the Professional Practice examinations.

The potential entrant into the architectural profession needs an unusual combination of artistic, practical and business skills. It is possible to move into professional training after you have taken a degree in another subject but this will not give you any advantages. Graduates still have to follow the whole seven-year training course at a recognised school of architecture. It is possible to do this part time but that will take longer - a full eight years - and to qualify you have to work for that time in a registered architect's office. It takes quite a commitment since trainees work at a low level. There is no doubt that, with current shortages, all graduates are likely to find employment.

The Royal Institute of British Architects is the main professional body but it is possible to practice as an architect without being a member of the RIBA. The important body is the Architects Registration Council of the United Kingdom which controls the statutory register of architects. No one can practice unless they are registered by ARCUK. Eighty per cent of the registered 93,000 architects are also members of the RIBA. It is a sad fact that too few women choose architecture as a career yet it is an equal opportunities profession.

A major misconception about life as an architect is projected by the RIBA. This is the belief that the architect is the "leader of the team". Nowadays, architects are just as likely to find themselves asked to work from a detailed design manual prepared by commercial clients who are already employing project managers and engineers and other consultants as part of a team of which the architect is only one small part. It is worth noting that it is permissible for architectural students to spend their years of non-academic training working in the offices of "other members of the building team"

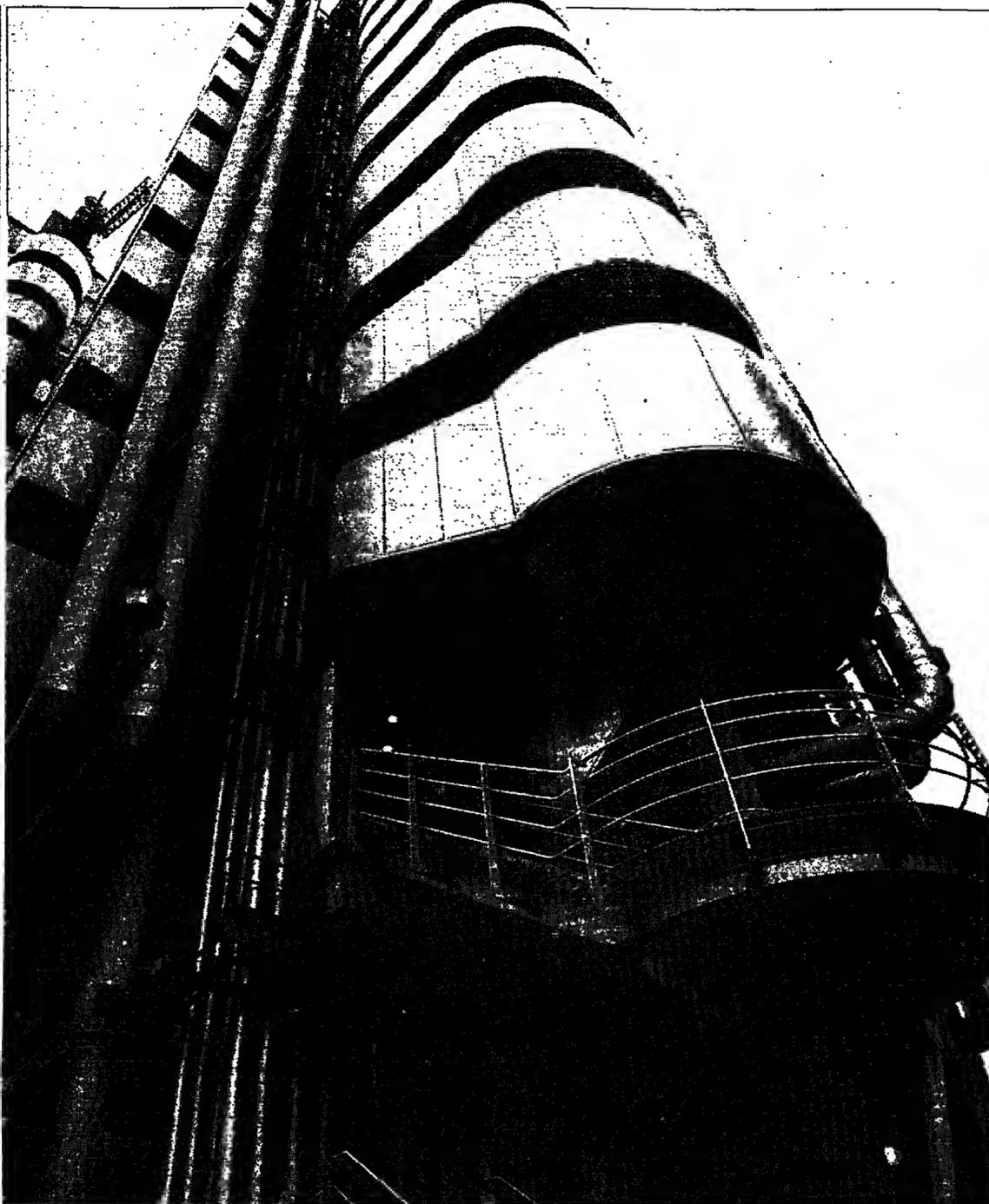


Carbuncle-spotting critics can be a hazard to the profession

or associated professions. Today this would be particularly valuable. It is necessary to understand "fast-track" building methods, to understand the funding of building projects and, above all, to see the close relationship between planning and architecture.

In a good economic climate there is always a substantial growth in the number of architects who are the principals in private practice. Percentages vary but a year ago some 66 per cent of the profession (of around 25,000 practising architects) were in private practice and this is growing. About half of these were principals.

The public sector is no longer a growth area for architects although local authorities do still have wide responsibilities for town planning and housing policy



The Lloyd's building, London. Famous names will choose only those promising young graduates prepared to follow the stylistic line of the practice

and emergency services. Central government has the Property Services Agency and the Foreign Office has a division that is responsible for embassies and high Commissions. There is a growing area of "community architecture" which tends to be associated with self-build activities and housing associations.

The 1989 architects' earning survey showed that the national average salary for an architect after 10 working years is around £20,000. The best rewarded area is in private practice where partners who own the business or directors of limited companies can ultimately earn over £100,000 and, in a few cases, much more. At a more basic level, the UK average (it is much higher in London) for an architect after three to five years is £17,600.

Architectural firms are quite small and it can be difficult to find the right niche, offering a wide enough range of experience. The top firms to consider would be: Building Design Partnership which employs nearly 250 architects; the Company of Designers; Chapman Taylor and Partners and the more regionally-based Percy Thomas Partnership. To join the more famous names can be difficult and is always done through personal contact. Famous names, like Richard Rogers or Quinlan Terry, will only choose promising young graduates who will follow the stylistic line of the practice.

If you have a highly original approach to architecture it is better to take the risks of setting up your own practice as soon as possible after qualifying.

The profession has changed greatly under the present Government. There is now fee bargaining; competition between architects and the new design and build agencies; and architectural practices that are quoted on the Stock Exchange and have shareholders anxious for profit.

Colin Amery

Further information: The Royal Institute of British Architects, 66 Portland Place, London W1N 4AD

ARMED FORCES**The spit and polish school of leadership**

Charlotte Tipper, Charlie to her friends, got a Third in geography at Birmingham. At Sandhurst this year she did better. In August she received the Queen's Medal at the Sovereign's Parade passing-out ceremony. At 22, she is now off to be an assistant adjutant with an infantry battalion in Northern Ireland.

Rapid exposure to responsibility - she could be an acting captain in two-and-a-half years - is the attraction the army and the other armed services go out of their way to sell.

Officer training is seen first and foremost as leadership schooling, which means that many will use it as a way of gaining a leg-up into a civilian career. That is something the forces have to live with.

You have, of course, to be the type. There is no way around the drill and boot-blacking service life, although it has perks such as facilities for sport, often comes into conflict with family requirements; and the list of exotic places to be posted to is dwindling. There is still Cyprus, Belize, Brunel, Hong

Kong (but not for long), the Falklands, or Gibraltar. It is more likely to be West Germany.

The forces are looking for around 550 to 600 fresh graduates a year from universities and polytechnics. They will join almost as many again who have been sponsored during all or part of their degree course, either on cadetships or less munificent and less obligating bursaries. All the services offer short-service and long-service commissions, and a variety of permutations in between, so you are not necessarily stuck in them for life.

Engineers are as heavily in demand as anywhere, but any kind of degree will do. "I'll take anybody I can lay my hands on," says one senior

army recruitment officer. "I'll find a bed for him somewhere."

The forces compete directly with other sectors for graduates but are not typical. Recruiting officers say few entrants want to discuss the pay, although pay levels have improved and are likely to continue improving.

There is also hardly any competition between the different services. Most people know which service they would join if they joined any. The flavours are distinct. Take for a start the liaison officers/careers advisers, who are the university student's usual first point of contact. The army one will be a retired officer, the navy's a breezy graduate in his late twenties, and the RAF's a squadron leader. All like applicants to get a

"feel" for the service or, in the army, a particular regiment. But, in the scrap for graduate talent, the relative slowness of the selection process has become a handicap.

"Somebody who needs to be processed, we will get him processed in two weeks," the army promises.

David White

Further information: Recruiting, Empress State Building, Little Road, London SW6 1TR. Directorate of Naval Recruiting, Officer Entry Section, Old Admiralty Building, Spring Gardens, London SW1A 2BE. Sq Ldr M.S. Meyer, RAF Officer Careers, Government Buildings, London Road, Stanmore, Middlesex HA7 4PZ.

graduate officer starts out a bit ahead of his contemporary who joined straight from school. He can usually expect to spend four years as a lieutenant, then four to six as a captain before making major.

Sandhurst aims to take about 800 men and 80 women a year, half of them graduates. But in 1988-89 it fell almost 10 per cent short, and the graduate component was only 45 per cent. The number of new unsponsored graduates fell just short of the target 100.

The Army's technical corps specify their needs for people from certain disciplines. They are particularly short of communications and electromechanical engineers, and rarely hit their target for



Sandhurst: channel for all army officers

The battle to become officer material

It usually takes five to seven months, from the university Milk Round to entry into the army's Royal Military Academy Sandhurst in September, although there is another entry in January. Applicants spend one to three days on a familiarisation visit before being sent for four days of assessment by the Regular Commissions Board at Westbury, Wiltshire. Passing this is equivalent to the job offer. Some who would otherwise have failed are sent first on a "character development" course to bring out what are considered to be officer attributes, before going through Sandhurst.

The pass rate at the RCB has gone up to 54 per cent from a previously average of 48 per cent, although the army insists it is not lowering standards.

Male graduates do their own two-term course at Sandhurst, the channel for all British Army officers and a regular flow of foreigners. Some of it is what a senior staff officer describes as "shared nasty experience". A handful always drop out during Sandhurst. The prejudice about graduates is that they need to stop thinking about Number One and learn team spirit. Female graduates are mixed in with non-graduates, with a maximum loading of 50 per women's course.

After passing-out, the newly-commissioned officer goes on to a regiment or corps for further training. Typically, he will be off with a unit after a little more than a year, in charge of 30 men, with a staff sergeant to help him through. By being given an antedated commission, which brings with it extra seniority, the young

civil engineers, filling in, instead, from other engineering and science subjects.

Rigorous tests for intending sailors

The first interview with a liaison officer of the Royal Navy is followed by an acquaintance visit to a ship, or a shore establishment. They come three days of tests and interviews at the Admiralty Interview Board at Gosport in Hampshire. The 50 per cent who pass go to Dartmouth for at least a term, depending on the branch, and then to sea to learn how sailors live. Like the army, there is more specialised training after graduation from Dartmouth before the first post.

As with the army, seniority is antedated but there are fixed waiting periods for promotion up to Lieutenant-Commander. On the other hand, the jobs vary. One lieutenant will be "driving" a mine-sweeper, another doing a mundane shore job. It is possible to be a commander-in-charge of a frigate at 33.

The navy, very equipment-oriented these days has been increasingly looking for graduates, who currently make up about 45 per cent of an annual officer intake of 650. About 120 of these graduates are sponsored.

Royal Marines and Fleet Air Arm pilots have their own training arrangements. To get to the Admiralty interview board, would-be Marines have to survive three days of tests where about half are weeded out or give up.

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Quote taken from "The 100 Best Companies to Work for in the UK" by Bob Reynolds (Collins/Fontana)

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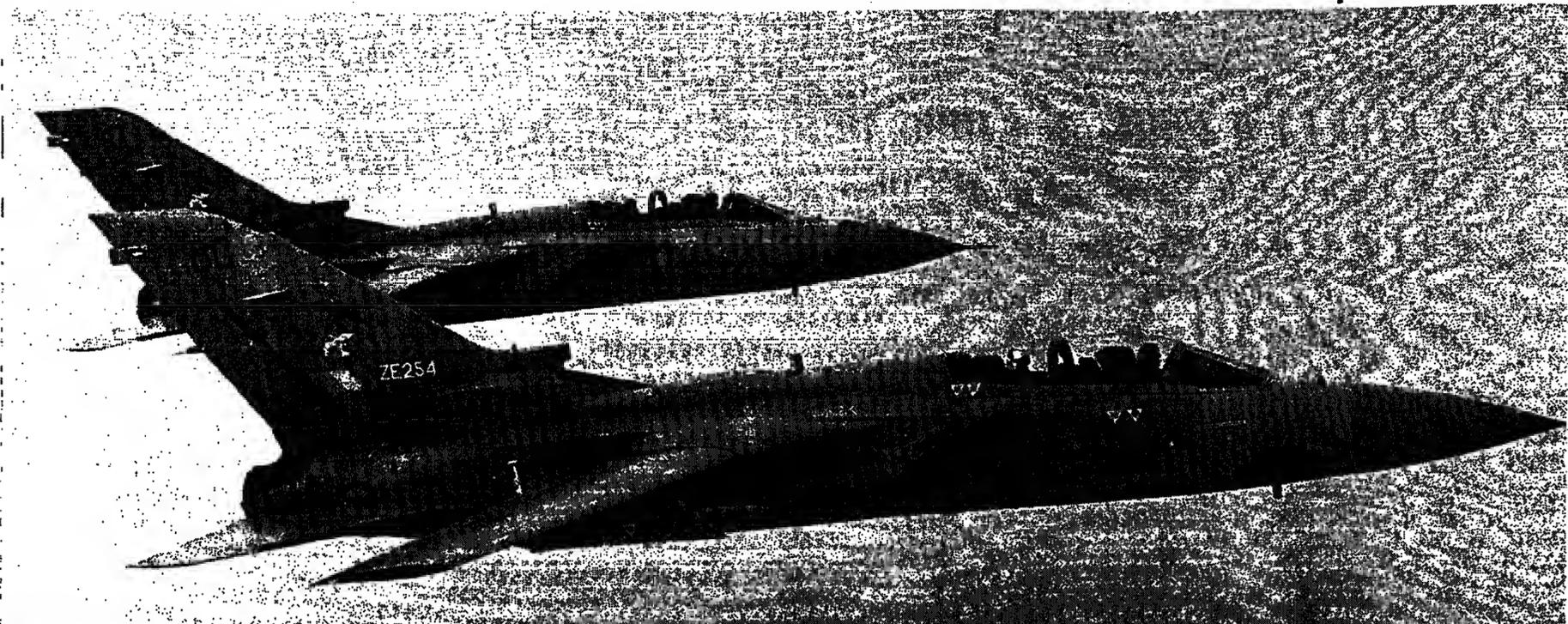
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logica



Fly a Tornado F3 supersonic swing-wing all-weather air defence aircraft. The fresh graduate can be a flight lieutenant two-and-a-half years after leaving university, with a salary of about £16,000 plus flying pay

A career with a rapid take-off

After a preliminary interview, applicants to the Royal Air Force are invited to the Officers and Aircrew Selection Centre at RAF Biggin Hill in Kent, where they undergo a searching medical, interviews and tests.

This lasts up to four days for aircrew, who are put through a physical and mental exercise phase.

"You learn a lot about yourself going through Biggin Hill," recommends one RAF officer. Since the RAF spends about £3m training each fighter pilot, it takes selection rather seriously.

It is normally difficult to join in less than 6-8 weeks, but the RAF is looking at ways of speeding up procedures.

It needs about 300 graduates a year, over and above some 180 sponsored students, aiming primarily at people with engineering or maths-based degrees.

Initial officer training is the same for women and men. Successful applicants do 18 weeks at Cranwell in Lincolnshire, including leadership camps, and then start their flying training or do further professional courses in other branches.

The career takes off faster for aircrew. The fresh graduate can be a flight lieutenant two-and-a-half years after leaving university, with a salary of about £16,000 plus flying pay.

DW

Marilyn highlights shortfall in forces

It was at the time the name Pamela was on everybody's lips that the military world became aware of Marilyn.

It stood for Manning and Recruiting in the Lean Years of the Nineties. They could have called it Prospects for Army Manpower in the

Expectation of Lower Levels of Application. But they didn't.

The report which was circulated internally in the army and the Ministry of Defence was the basis of a response, some say belated, to the looming demographic trough. The navy and the RAF have been working on their own studies, but the army's need is proportionately greater.

If disarmament negotiations succeed, some relief may be at hand for the forces' manning dilemma, shared with most other Western countries. But they are still dismayed by the "unplanned reductions" that have already started.

When parts of the Marilyn study were made public in March the army was already short of 260 officers.

The approaching shortage of applicants, according to the study, is worst for ordinary soldiers, with an expected 30 per cent decline in the pool of potential entrants. The expected fall is smaller for potential officers, and smaller for graduates than non-graduates in that category, with a reduction of 10 per cent over the next decade.

Fewer officers are coming straight from school; they need to be replaced by graduates just as competition for graduates is growing; and the specialists most needed will be in the shortest supply. The army cannot resort to options such as hiring abroad. It is, however, looking at recruiting older officers and helping borderline cases to get into Sandhurst.

Recruiters in the services have sometimes been disappointed with the recent quality of applicants. "We may not be seeing so many of the outstanding candidates that we have seen in the past," says the RAF's Squadron Leader Michael Meyer. "But we are not going to drop below a certain level."

However, senior Army officers admit to "taking more people towards the lower end than we have been, to keep the numbers up."

Intake of officers from civilian life into the services dropped by a tenth in 1988-89, increasing only in the navy, while outflow rose 2 per cent. Increasing numbers of middle-ranking officers have been leaving - pilots lured away by airlines, army captains dissatisfied with their material state in comparison

to civilian contemporaries. Targets for officer recruits are not being met because accepted applicants are poached at the last moment, or consciously use the cachet of acceptance to clinch jobs elsewhere. Some Sandhurst students leave on their first day.

The responses being weighed have to address both problems: getting people interested and keeping them in. Retaining personnel is partly a question of pay, but also of conditions. Ways are being studied to alleviate the effects of enforced mobility, such as the effect on wives' careers or prospects on the housing ladder.

The recruiting drive for officers manifests itself by the volume of advertising every week in the colour supplements. All the services are worried about public awareness, the fact that the generation of people whose fathers did national service is running out, and the "Gorbachev effect" on the motivation of potential entrants.

The army has tried to counter this by advertising itself as "peace-mongers". The forces admit with some embarrassment that the last major event that spurred interest was the Falklands war, when a lot of people wanted to become gung-ho paratroopers, but the impact was short-lived.

The army is plotting ways of raising its profile, using university Officer Training Corps more as recruiting organisations (which some strongly oppose), and extending scholarships and bursaries.

One solution they have all hit on is recruiting more women. There are only some 2,460 women officers in the UK services against more than 40,000 men. This is only 6 per cent of the total and in the navy only about 4 per cent.

The RAF has just made women eligible to fly, not Tornados or Harriers, but in other roles such as transport or search and rescue.

A lot of the RAF's fighter controllers and air traffic controllers are women and the engineering branch would welcome women.

The army has limited capacity for women at Sandhurst but staff officers there would like more to sign up - they claim that women entrants are of a higher standard.

DW

ARTS Business acumen required backstage

A career in arts management is strictly for graduates whose love of theatre, music, dance, painting, and the arts generally, is considerably greater than their love of money.

If you rise to the dizzy heights of running one of the four national flagship arts companies - the Royal Opera, the National Theatre, the RSC, and the ENO - you can expect to top £50,000, together with constant criticism from your peers and critics. But, even here, chief executives of businesses of equal size outside

the arts field would probably earn twice as much.

In the main, arts administrators are abysmally paid: the reward is job satisfaction. The director of a medium-sized dance troupe or a touring theatre company will be fortunate to earn £20,000, even though the group may attract critical praise and do well at the box office. There are wide variations within the industry, especially between administrators employed by local authorities (whose earnings are linked to national rates) and those running their own shows. The former tend to earn more and receive fringe benefits such as a car.

The situation was graphically illustrated in a survey on pay and conditions prepared earlier this year for Arts Management, a new magazine for the industry. The 80 respondents revealed that there were "box office" managers of regional theatres on salaries ranging from £6,310

How to Behave At A Preview



to £15,000, marketing managers paid between £7,800 and £25,000 (both extremes being in London) and touring companies paying between £7,569 and £13,000. The director of an independent gallery in London is receiving £7,250 while the director of a regional independent gallery is on £13,000, and salaries for administrators of the repertory theatres ranged from £11,500

to £19,000.

Many hopeful graduates start in the business for no pay - just the chance of gaining experience, through helping out in a box office, or front of house, or as an assistant in the press office. The almost essential next step is to take one of the courses in arts administration now on offer. The most comprehensive is at the City University in London, which runs a one-year diploma course as well as a day-release programme, ideal for graduates with a bumble job in an arts company who want to move on to better things. In most cases graduates accepted on the diploma course will have to pay their own way.

The shortage of management courses in the arts started to concern the Arts Council about 20 years ago, when it found itself giving large grants to arts groups with little or no management or budgetary expertise. The Council now sponsors courses in arts

management at three polytechnics - Leicester, Newcastle and Liverpool - and there are other degree courses in which arts administration is included in the study programme.

A specialist academic qualification does not guarantee a job in the arts, but it helps. The arts world is under intense pressure, both from the Arts Council and from the Government, to prove itself better at managing the financial subsidy that comes its way, and to recruit a new breed of organiser with knowledge of balance sheets, forward planning, marketing programmes, fund raising, and box office administration.

Although the financial rewards from this profession are still poor, there has been a great increase in the number of jobs available. The arts are a boom industry with a plethora of new dance companies, opera companies, theatre companies, community arts centres and so on being formed in the last decade or so, as well as new theatres and concert halls.

The driving force behind the start of these companies is often a talented artist striving for a larger audience, but it is now generally recognised in the arts world that survival depends on sound management. A good fund raiser, marketing officer, publicist or general administrator is likely to move quickly on to bigger and better responsibilities. Although there are still companies run by the star artist, the future seems to point towards a division of labour, with one chief looking after the arts programme of a company or arts centre, while another handles the business side of things.

This is really a profession where talent and imagination will out. There is little point in going into it unless you want to end up running a theatre or managing an arts company. There are few middle-rank positions. Actual experience as an artist is no drawback, but the key to success is an awareness of the disciplines of the market place, plus boundless enthusiasm.

Antony Thorncroft

Further Information: Arts Council of Great Britain, 105 Piccadilly, London W1. A weekly jobs bulletin appears in Arts Management.

ALSO SEE THEATRE



Arts administration is no bed of roses but there is the reward of job satisfaction

B

BANKING
BREWING
BROADCASTING
BUILDING SOCIETIES

BANKING Each of the Big Four a different character

Banking is a business which is juddering with change. The big bureaucracies are being shaken by competition - at the international level by giant foreign institutions such as the Japanese, and at the local level by aggressive newcomers like building societies.

The cartels of the bad old days have all but disappeared. The challenge for future managements is to adapt their institutions to new realities - and that is quite a task in a bank with 100,000 employees and £100bn of assets. Vision and energy will be required, but also the resilience and political in-fighting that goes on in all large organisations.



The market is headed by the Big Four clearers, Barclays, Lloyds, Midland, and NatWest, which may all seem the same but yet have different characters which reward a bit of research. Barclays, for example, has just recovered its traditional position as the UK's largest clearer after going through a dull patch. NatWest,

pushed into second place, has been traumatised by the recent Blue Arrow scandal because of an ill-judged venture into the City, though that itself was an indication of how the clearers are probing new lines of business. Midland Bank is also making a comeback under new management from bad losses five years ago. Lloyds,

the smallest, prides itself on selecting profitable markets.

The alternatives are also proliferating: the recently floated Trustee Savings Bank, the two big Scottish banks, the Royal Bank of Scotland and the Bank of Scotland, and the newly incorporated Abbey National, for example, are all fighting for a patch of clearing bank turf. The building societies are also competing for graduates; though career opportunities there are inevitably narrower. Foreign banks are in the market too.

The banks have taken some pains to develop fast tracks for good recruits. They cast their nets widely in search of graduate talent. They call on all the leading universities and polytechnics; they also encourage would-be applicants to meet recent graduate recruits.

The big clearers aim to take on up to 300 graduates a year each, for which they receive several thousand applications. The bulk of applicants get sifted out before interviews even take place, and fewer than a thousand get on to the

next stage. But then there is a fairly rigorous process of interviews and tests to whittle the numbers down even more. Successful applicants are usually notified in early spring, with a view to their starting in August or September.

Although an economic or financial qualification helps, the precise degree for which an applicant is aiming is less important than his or her intellectual abilities and personality.

The clearers want numerate people, naturally, (it helps to know what a balance sheet is, even if you can't read one). But they also want clear, imaginative thinkers. They like people who work well in teams, and show leadership qualities. They usually judge these sorts of things from what an applicant has done apart from academic work.

Although banking is still a predominantly male world, the female intake has grown enormously in recent years. About half each year's graduate recruits are women, and the number reaching

responsible positions grows each year.

In order to make the most of the people they recruit, the clearers increasingly feed them into two or three different streams, with the best people taking a fast track into a high-level management career. Barclays, Lloyds and NatWest, for example, have streams where the fastest leads to responsibility within only a year, and the slowest three years.

Pay varies accordingly. Top starting salaries this year are in the range of £15,000 (including a London allowance), with slower streams getting £2,000-£3,000 less than that.

Most banks also have specialist intakes for areas such as information technology, or merchant banking. Sometimes these entail a separate application and assessment process.

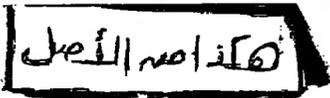
After their initial training, all graduates are expected to complete the professional exams set by the Chartered Institute of Bankers. These

cover banking law and practice, and are a standard requirement for anyone intent on a mainstream banking career.

The kind of career a person develops after that depends to a large extent on type and choice. Although some graduates become branch managers, many spend only a minimal amount of time in a branch. Graduates can aim for high-powered jobs in central management, corporate banking or international banking. Here they could be looking after substantial divisions of the bank, or managing the bank's relationships with major corporate clients, or running the bank's representation in a foreign country.

Graduates can aim for top positions in the clearers, although there is not at the moment a particularly strong tradition of graduate top management. Top salaries in the industry are currently in the £100,000-£200,000 bracket.

David Lascelles



Lure of the glamour as well as the lucre

Merchant banking is one of the more glamorous parts of the financial services business but, also for that reason, one of its most competitive - thousand apply for a relatively small number of jobs.

Although some of the traditional culture of merchant banking lives on - the rather upper crust image, the big money, and the family firms - the reality in the fast-changing City is more hard-nosed.

Today, top merchant banking groups like Warburg and Kleinwort Benson span a wide range of activities from banking through to bond dealing, usually in competition with the most powerful investment banking concerns from around the world. Other houses are more specialised: Morgan Grenfell, Schroders and Lazard are known mainly for corporate finance, Hambros has a fast-growing retail financial services side. Some merchant banks are still privately owned, like Rothschilds and Barings. Although people usually think of a career in merchant banking in terms of corporate finance - arranging finance for big corporations, or advising on their mergers and

increasingly, the Japanese, are in this market. European banks such as Deutsche Bank, Germany's largest, are also active recruiters.

Pay scales in merchant banking are generous, as you might expect. The starting level this year is £15,000, and successful entrants should quickly see their pay rising. Six figure salaries are quite common in the upper echelons, and a handful even go into the millions. But increasingly merchant bank pay is linked to results, and a lot of merchant bankers have actually suffered pay cuts during the leaner times since the October 1987 stock market crash.

After joining, new recruits will probably go through an introductory phase. At Kleinwort, which prides itself on its three-month induction and training programme, graduate entrants are given a thorough grounding both in Kleinwort's business and its markets, and it is only at the end of this that people are allocated to particular departments. By this stage, everyone has got to know each other so well that the drop-out rate is very small.

In theory, women have just as good a chance of getting into merchant banking as men - a large proportion of the annual intake is female. But in practice it remains a man's world. There is currently only a tiny sprinkling of women in the higher reaches of merchant banking.

Guinness. Similarly Courage, now owned by Elders IXL, the Australian group, is in search of plenty of fresh blood.

Bass is Britain's biggest brewer. The ambitious graduate would probably have to express a long-term commitment to the group - Bass executives tend to have worked their way up the corporate ladder. Despite its low-key public image, Bass is among the most aggressive of the brewers with leading brands like Carling Black Label.

Bass says about 20 per cent of its graduate trainees go into production; 30 per cent into sales, 8 per cent into marketing; 8 per cent into finance; 12 per cent into information technologies; 15 per cent into hotel and catering and 7 per cent into other areas. Bass is probably the most zealous among the big brewers in the training of brewers.

Brewing production is an area where the Brewers Society, the industry's trade association, has played an important role recently in the provision of training courses for professional qualifications.

The prospective brewer who will have taken a degree in a related technical subject, such as botany or biotechnology - faces two sets of exams set by the Institute of Brewing, associate membership of the Institute

and Diploma membership. The latter is the prime technical qualification for a brewer and cannot be taken without four years practical experience in the industry. The four-year BSc Honours Course in

Brewing and Distilling at Heriot Watt University gives exemption from the associate membership exam.

Opportunities to travel, at a time when drinks brands are becoming increasingly

international, must be an attraction of the industry to the adventurous and linguistically-skilled graduate.

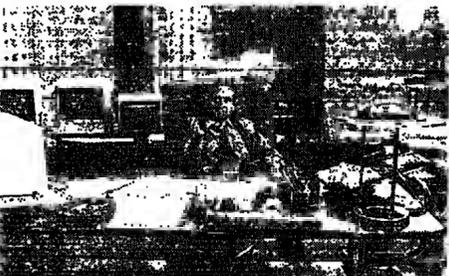
Grand Metropolitan, one of the most fast-growing and aggressive of the brewing and

drinks groups, even offers a course for those wanting to develop international careers.

Lisa Wood

Further information:

Brewers Society, 42 Portman Square London W1H 0BB; The Institution of Brewing, 33 Clarges Street, London W1 YEE; Heriot-Watt University, Chambers Street, Edinburgh EH1 1EX.



A sharp eye is kept open for unsuitable types

acquisitions - a modern-day merchant banker could just as easily find himself (or increasingly herself) sitting in front of a screen trading interest rate swaps or managing unit trusts.

The lure of merchant banking is the scope it offers for ambitious, financially-oriented people to develop influential and well-paid careers. The disadvantage is that it is inevitably less glamorous than people think: there is a lot of hard and even boring work, particularly in the early stages. In addition, while merchant bankers have a high opinion of their own status, this is not one that is always shared in the "real world" outside the City.

Merchant banks are eager to hire the best talent there is, so they have set up a formalised - and rigorous - selection process which reaches well beyond the old Oxbridge confines.

It starts with the Milk Round in the autumn when the principal merchant banks make presentations - jointly or singly - at the universities. They then invite people to submit written applications. More than three-quarters of applicants never even get past this stage - the vast majority are sifted out purely on the basis of what they look like on paper. Then come the interviews, at university and in London, and finally a job offer in late winter.

This can be a gruelling process. Applicants should expect at least half a dozen interviews and meetings. But it is not a one-way affair. The merchant banks also want applicants to get to know them so that they can decide whether they think they would fit in - and in what part of the bank.

Being a freely-structured sort of business, merchant banks are not looking for a specific set of academic qualifications. The type of degree is almost immaterial. Job offers are usually not even conditional on the class of degree obtained. What they want are bright, numerate people who can analyse and communicate ideas, and work together well with others. They like applicants who show initiative (travel for example), leadership (running a society) and imagination. Languages are a useful plus.

Because merchant banking has been so fashionable recently, they also keep a sharp eye open for people who might be applying for the wrong reason. At Warburg they offer jobs to all the people they like the look of rather than try to fill some pre-determined hiring quota. On average, though, the larger merchant banks take about two or three dozen graduates each each year, the smaller ones only a handful.

An evolving route into merchant banking is through one of the large foreign banks

BREWING

Industry a cocktail of many ingredients

"Nobody has ever come into my office and said they would like a career in the drinks industry," says Margaret Wallace, Careers Officer at Warwick University.

"But undergraduates do tell me they want to work in sales, marketing or retailing, for example, and the drinks industry offers opportunities in all these areas."

Job opportunities for graduates range from sales, marketing, personnel, brewing and distilling to regular corporate functions like information systems and finance.

Though it tends to have a rather macho image, jobs are no longer just for the boys. Indeed, United Distillers' Group, the spirits' subsidiary of Guinness, found last year that 60 per cent of recruits were female - a phenomenon Guinness is at a loss to explain.

The major recruiters visiting universities and, increasingly, the polytechnics, are Bass, Allied-Lyons, Grand Metropolitan, Whitbread, Courage, Guinness and Scottish & Newcastle Breweries. Few of the smaller regional brewers, including the large number of family-controlled brewers, recruit directly from campuses. They tend to advertise for trained staff.

One of the most attractive features of the drinks industry for UK graduates must be that many of its major players, such as Guinness, Allied-Lyons and Grand Metropolitan, are both world-players and based in the UK - a rare combination today. These substantial businesses first look to Britain (and Ireland, in the case of Guinness) for their graduate recruits.

Neither are many of these companies simply brewers or distillers. Bass, for example, with the recent \$2bn acquisition of Holiday Inns in the US, is the biggest hotel operator in the world, while Grand Met has become a sizeable food manufacturer and retailer in the US with the acquisition of Pillsbury. These two companies, like many others in the sector, actively encourage staff to move within the group's many divisions.

All the big drinks companies have graduate recruitment schemes which generally last for about one year and all appear to offer graduate recruits a similar range of salaries - between £11,500 and £13,000.

Opportunities for fairly

TEAMWORK

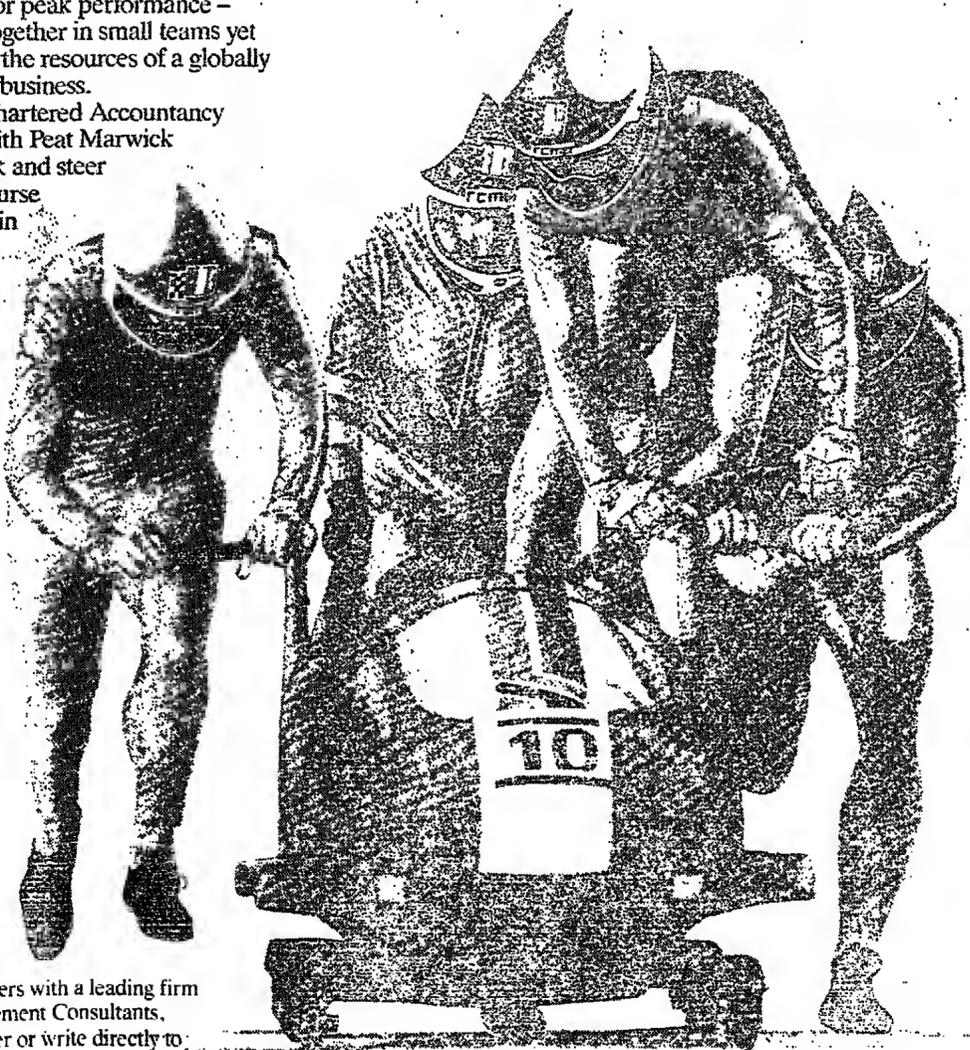
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BROADCASTING

Start as an assistant relief wardrobe assistant

Much of the glamour of broadcasting may be an illusion but the prospect of a career in television still attracts thousands of applicants.

Once the choice was limited to the BBC, but now the rapid changes in the industry are opening up a host of possibilities - the expansion of commercial radio, the growth of the independent production sector, including corporate video and the creation of hundreds of small companies, and the arrival of conventional and satellite television channels.

Despite the new opportunities, the rules in getting a job as a broadcaster do not seem to have changed at all. It's always better to be inside a broadcasting company than outside, even if the only way to get in is as a secretary.

One BBC producer and Oxford graduate, quoted in a recent Institute of Manpower Studies report on the television, film and video industry, recounted how she entered the Corporation as an assistant holiday relief wardrobe stock-keeper. She then got a clerk's job in the programme correspondence section, before finally being accepted as a trainee researcher 18 months later.

For the few hotly-contested places in formal training schemes, recruiters are looking, above all else, for previous evidence of commitment, however modest. This could range from working on student newspapers or hospital radio to making amateur films or spending a summer as an intern with American broadcasters.

Often the only way in is to accept a "gopher" role with a small production company for a few pounds a week or even for no pay at all.

The way in for Mike Paulett,

after his degree in media studies from the Polytechnic of Central London, was the post room at Channel 4. Now, after a spell in the engineering department, he's an assistant editor on film crews.

Most media-orientated undergraduates, however, seek traineeships. The BBC hires between 16 and 24 production and journalism trainees a year, divided between television radio and the World Service, although there are vacancies for everything from studio management to personnel.

For every post there are between 2,000 and 3,000 applicants. Jane Thynne, when she was an English student at Oxford, joined the "lottery" for a traineeship.

The first question her BBC interviewers asked was tricky enough. Would she compare the economic policies of Iran before and after the revolution? Then they followed up with: "What was the last book you read on South Africa?"

Jane Thynne did not get one of the production traineeships on the formal BBC scheme, but her knowledge of Iran and South Africa can't have been too deficient for they soon fixed her up with another job. After a two-month introduction to the Corporation she was set to work at BBC South in Southampton and, under loose supervision, was soon producing a regional arts programme and making documentaries on topics such as a local leukaemia cluster and the Portsmouth Evening News.

"I was just amazed at the degree of freedom I was allowed," says Jane who later left the BBC to become media correspondent of the Daily Telegraph. She recommends flattery of the past broadcasting achievements of those on the recruitment board as one of the weapons to be deployed.

Even at the end of the two-year period of training and secondments to various departments, there is no guarantee of a permanent job, as opposed to further short-term contracts. The hours are likely to be long and the pay unexciting - around £10,500 to start with. With the BBC continuing to face a financial squeeze, thanks to the indexation of the licence fee to the retail price index,

this is unlikely to change dramatically in future.

Rates of pay can often be more than 30 per cent higher in ITV than at the BBC, but the independent television companies are under even more pressure as the result of the Government's decision to award commercial broadcasting licences to the highest bidder in 1991.

"If anyone leaves a very close check is made to see whether they need to be replaced or not. The opportunities are very limited," admits Sue Davis, training adviser to the ITV companies.

Around 100 people are taken on each year in the sales and marketing side of ITV. But when a researcher's job is advertised 1,000 applicants from graduates is not unusual.

The ITV system does train 10 graduate editorial trainees a year on behalf of Independent Television News, Central and TV-am.

At ITN, which usually takes on four trainees a year, the selection process includes a written assignment - a critical review of an ITN bulletin or the effect of satellite television on the traditional television environment. ITN trainees start at £16,200 a year and a top ITN specialist reporter can earn up to £50,000.

For many, the first way into broadcasting will be through commercial radio stations, a sector which is to undergo significant expansion with the creation over the next few years of several hundred local and community stations. One way in is to turn up at your local radio station, preferably with a tape of an item you have made. Otherwise, about 150 people a year are trained for radio on one-year post-graduate courses at eight colleges, including the Falmouth School of Art and Design, the London College of Printing and the City University in London.

For those seeking opportunities in independent production companies, Paul Styles, director of the Independent Programme Producers Association, recommends going through the association's members list, looking for companies which make the sort of programmes an applicant is interested in.

Raymond Snoddy



Here is the news: it's always better to go for jobs from the inside

BUILDING SOCIETIES

Slowcoach sector gets a move on

Building societies used to be thought of as the slowcoaches of the financial services sector. Ten years ago, their business consisted of only two things - handling savings from depositors and lending funds out to home buyers.

"Savings-and-mortgage loans" activity is still the core business for societies, but all big building societies and many small ones provide all-round banking services from cheque books and credit cards to sophisticated money market funding operations.

Going into a building society today means entering the retail banking sector at a time of flux. Building societies, unlike banks which are joint stock companies quoted on the stock exchange, started life as nineteenth century co-operatives and are mutually owned by their members and governed by special legislation and regulated (in a fairly unbending fashion) by the Building Societies Commission. The second largest building society, Abbey National, has already shaken off this legal status and had a stock market flotation. A second building society, National & Provincial, is probably going to follow soon, though it has not yet

made an announcement. Large societies recruit graduates in much the same way as most other corporations. David Thornborough, personnel recruitment manager of Halifax, the largest UK society with around 15 per cent of the entire UK mortgage market, says that Halifax takes 100 graduates a year.

"They are widely distributed throughout the organisation. We divide into them into two groups, computer specialists and management trainee programme entrants."

On the management side, the Halifax recruits between 34 and 40 entrants a year, around half of whom are women. They are paid £10,000 to £11,500 when they start. If they are any good, like any other giant corporation, Halifax hopes that the recruits will stay for life. They do a two-year training course and, at the end of it, become an assistant manager.

Along the way they must take and pass the Chartered Building Societies Institute examinations. Halifax gives some time off for this but not sufficient to pass the exam unaided.

"They have to study in their own time and between six to eight subjects," says Thornborough.

The pattern at Nationwide Anglia, the next largest society, is basically similar. Within a couple of years, an entrant can expect to be running a branch operation. But high-flyers will probably have an eye on specialist money market operations, such as Treasury operations, the money market funding activities of building societies and banks.

Other qualifications beyond the FCBSI will help take you to the top. Accountancy degrees are highly prized (Jim Birrell, chief executive of Halifax, began life as an accountant, for example.)

But when recruiting graduates, building societies are likely to be willing to consider graduates with arts backgrounds, provided they accept the need for a few years' hard slog to get the right initials behind their names.

If you join one of the smallest local building societies, then you will be entering a world of perhaps only a handful of individuals. This offers rewards for the entrepreneur who dislikes the slower-moving world of giant corporations, but small building societies are particularly vulnerable to mergers and take-overs.

Medium-sized societies are a different matter. If you join Skipton, the number 16 society, for example, you can expect to have fairly close links with the general managers and the chief executive and get a good overview of the business.

"We favour students who do sandwich courses," says Ian Heyworth, general manager, "because it enables both employers and employees to check each other out before committing themselves. Within two years a good graduate should be a deputy to a manager in a key area such as marketing or mortgage sales, and within a further two years they should see themselves running such a department."

Peter Stanford, a business studies graduate of Huddersfield Polytechnic, after two months with the Skipton, says: "I play a role in most of

the society's marketing activities such as PR, new product development, market research, and management information. Being part of a team of only five, I have been given a high level of independence and responsibility."

Building societies tend to be located outside the capital, though there is a chance that some, including Halifax, will decamp to London one day.

Top executives will find themselves in fairly frequent contact with the capital, anyhow, and perhaps even continental Europe. The approach of 1992 is forcing building societies to look to business opportunities outside this country.

The drawback to building society employment is pay. This is considerably lower than for executives in the banks, though the gap is narrowing. But building society balance sheets place great stress on holding down management expenses. Those wanting to push their salary up above the average may have to develop the kind of qualifications which make them attractive to poachers from outside.

David Barchard

For more information read The Building Society Industry by Mark Bolat (Allen & Unwin); The Major Players, available from UBS Phillips & Drew, 100 Liverpool Street, London EC2M 3RH or write to the Building Societies Association, 3 Saville Row, London W1X 1AF; Chartered Building Societies Institute, 19 Baldock Street, Ware, Herts SG12 9DH.

Amex does nicely for trainees

One night in the mid-1970s, a group of young executives spent an evening at the Wig and Pen Club, in the Strand, drinking wine and arguing about which of three slogans their company should adopt.

A decade and a half later, the executives are all at the top of the financial services sector, and the slogan - "That'll do nicely" - has passed into advertising folklore.

"It was only one of three catchphrases we were considering," says Don McCrickard. "If we had chosen either of the others, they would have done as well, too." The company, of course, was American Express. McCrickard is now chief executive of



banking operations at TSB. But he values his years at American Express, where he and his contemporaries were schooled in retail banking and marketing skills.

The attachment is so strong that top financial services executives who were formerly with American Express, have formed a sort of dining club, which meets from time to time. "I guess we have acted as a sort training ground for the industry. We have certainly supplied it with a lot of its top names," says Alan Stark, the UK head of American Express's Travel Related Services division.

The explanation is not difficult to find. Unlike other financial services organisations, American Express has no automatic customer base, such as current account holders or mortgage borrowers. It has to rely on marketing skills to persuade people to buy its card, and it has to compete with credit cards which, at least until now, have been issued free by the banks.

Where better to learn the art of marketing financial services?

American Express recruits about 25 graduates a year for its traineeship scheme, inviting them to attend an assessment day where aptitude, numeracy, and personality tests are carried out. Candidates usually make contact with the company via



their university appointment offices and the Milk Round. "Candidates are not chosen solely on the basis of the tests' results," says Jack Waterhouse, UK Vice-president. "We believe that we are one of the few companies - perhaps the only one - to allow candidates to see the results of personality tests and to discuss them with us."

Entry to the graduate training programme of a year does not guarantee a permanent job, though most trainees are offered one. The year's training consists of four placements lasting three months each in different parts of the company and a special project assignment.

If you have an MBA and up to five years professional experience behind you, there is higher route into the company involving a year's traineeship in a real job. Entrants will be taken to spend a week in New York, meeting senior management including the chairman and president of the company, and then sent on to observe other markets in Europe.

Former Amex executives have a glitter and self-confidence that sets them apart from the rest of the retail financial services business in the UK. Not surprisingly they are likely to be much more familiar with innovations coming from the US.

As such they tend to be eagerly snapped up by banks, building societies, and mortgage companies when they come on the market.

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CHARITIES
CHEMICALS INDUSTRY
CHEMICAL ENGINEERING
CIVIL SERVICE
COMPUTERS
CONSTRUCTION
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CHARITIES

Bad times in which to do good

Doing good is becoming increasingly difficult. Graduates who want to make a career in the voluntary sector are finding that charitable organisations are looking for something more than just a degree and youthful enthusiasm. One reason for this increased professionalism is the growing amount of money charities are now handling. Last year UK-based charities raised £15bn - a sum equivalent to 3 per cent of the UK's gross national product. Between 1983 and 1987 the sector's income rose by as much as 53 per cent. To raise and manage these large sums charities are looking for people who have already had experience in advertising, marketing, public relations or financial management. They are looking for more professional people to spend their money, too.

Opportunities for those without specialist training in fields such as medicine, engineering or agriculture are becoming increasingly limited. Routine jobs in many charities are now filled by over-qualified graduates trying to find their way in. Voluntary Service Overseas (VSO), which takes on about 700 volunteers a year, used to be a traditional point of entry for those wanting to work in overseas aid. However, Dick Rowe, who is in charge of recruitment at the organisation, explains that VSO now takes very few graduates straight from college unless they have particular skills or experience overseas - experience which, he admits, is hard to find. There are a few organisations, such as Christians Abroad, the Catholic Institute for International Relations and Project Trust, which run programmes not requiring specialist skills. Competition for places is fierce, though, and candidates with some overseas experience will have an advantage. So charities are increasingly demanding previous experience, but experience is

difficult to find without working for the charities. One method of escaping this trap is to do a postgraduate course in a relevant area. Another is to use another career as a stepping-stone and so gain managerial training and experience which charities find useful but often cannot offer themselves. At Save the Children, for example, the fund raising department is made up of a former City stockbroker, an advertising executive and a brand manager from Procter & Gamble as well as an ex-employee of a local authority. There are, of course, drawbacks in stepping-stone careers. Not least is the inevitable salary drop. When Edward Mayo moved from consulting at Arthur Andersen to work at the World Development Movement last year he took a 50 per cent pay cut. "There's a very real problem in cutting down expenditure to meet the new salary," he says. "You have to be careful about avoiding the credit trap." There is no simple career structure in development or the voluntary sector. The best long-term route may be to tap the international agencies. These organisations include the World Bank, the Overseas Development Administration, parts of the European Commission and the agencies of the United Nations. But one well-qualified candidate warns that the process of selection was at times heart-breaking and, in the case of the European Commission, far from meritocratic. An alternative is to work for management consultancies in London, such as Peat Marwick McLintock, Coopers & Lybrand, Deloitte, and P-E International. These are increasingly sending teams out to developing countries. But working for either the agencies or consultants may mean compromising principles. The first can be over-bureaucratic and the latter, in the end, are there to make money.

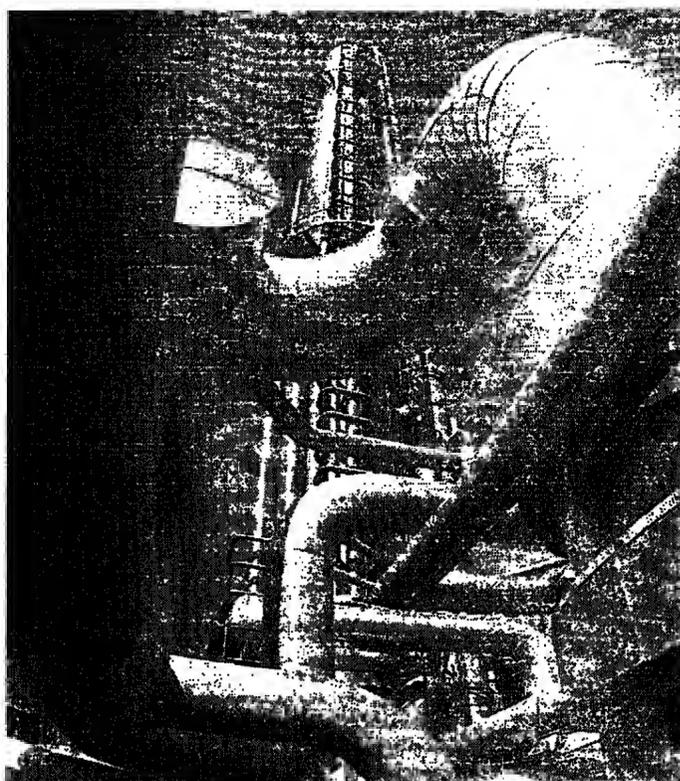
Paul Abrahams

Information on postgraduate courses: Development Studies in Britain, Institute of Development Studies, Sussex University.

CHEMICALS

Complex sector with an image problem

The UK chemicals industry, with annual sales of about £25bn, is one of Britain's biggest and healthiest manufacturing sectors. It has a strong balance of payments surplus of about £2bn, which is in contrast to the large deficits run up by other areas of production industry such as cars and electrical engineering. In spite of the sector's good commercial record, however, it has something of an image problem. It is commonly thought of as causing pollution and many of its plants are at best unattractive and at worst eyesores. Furthermore, the business is highly complex. It spans a great many sectors, from pharmaceuticals and other speciality products made on a small scale, to bulk plastics like polyethylene which are made in giant plants at the rate of hundreds of thousands of tonnes a year. The selling price for chemicals extends over an even bigger range, from about £700 a tonne for bulk plastics to hundreds, or even thousands of times this figure for specialised industrial additives or raw materials for drugs - which are produced in only tiny quantities. This complexity makes the sector difficult to understand. And the relative ignorance in turn hardly helps the sector to convey a more upbeat perspective of how it interacts with the rest of the world. The chemicals industry recruits about 1,200 graduates a year, roughly a quarter of them chemists. These people can do a variety of jobs in research, marketing, plant operation and administration. Salaries being paid to graduates in the first year of their joining UK chemicals companies are generally this year around £10,000 to £12,000, although the actual sums can vary widely. The largest company in the chemicals industry, both in



Chemicals industry: in search of a more upbeat perspective

terms of sales and in intake of new graduates, is Imperial Chemicals Industry. In 1988 the company recruited 440 graduates, 130 of these with chemistry degrees, which was significantly more than the 357 in 1987. This year the intake is likely to be about 400. After ICI no single company accounts for more than about 100 new graduates a year, with Glaxo and BP Chemicals taking in roughly this number. Some of the big companies, ICI included, have special graduate training courses which introduce newcomers to the company and ease them into management jobs away from the burly-burly of plants and service operations. Other companies, however, say they have experimented with such courses and found

them wanting. "We tried out special courses for graduates and we had a miserable failure rate," says Keo Bowman, who is in charge of management development at Rentokil, a company best known for pest-control but which has branched out to offer a variety of chemically-related services. "Now we get a much better performance from our graduates through getting them to learn the job right from the start. For the first 18 months or 2 years they are employed in the service operations - driving vans and meeting customers - and this way they really gain an understanding of the business." A similar route is followed by Allied Colloids, a Bradford-based supplier of a

range of speciality chemicals for applications as diverse as water treatment to action as additives in paper-making and other industries. "We take in about 20 graduates a year, although we employ probably twice that many who are school leavers and whom we put through day-release courses so they gain a degree or similar qualification," says John Langley, technical director. Peter Marsh

Further information: Chemical Industries Association, King Buildings, Smith Square, London SW1

ALSO SEE PHARMACEUTICALS



Opportunities are limited for those without specialist training in fields such as medicine

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COMPUTING

Low-cost power fuels exciting changes

The computer industry is going through dramatic changes as a result of the ready availability of low-cost computing power. The only certainty for anybody going into computing today is that these changes will continue.

On one hand, this might seem a disturbing prospect; many of today's computer companies may not survive the shake-out, which could see many of the traditional patterns of data centre operation made redundant.

On the other hand, the outlook is exciting for those who are attracted by the idea of working in an industry so close to the pulse of business life. Figures for world expenditure on information technology indicate an industry growing at a remarkable rate by any standard. In 1986 the figure was \$1,000bn; estimates suggest by 1990 it will be \$2,000bn and by 2000, \$3,000bn. So the shape of the industry may be changing dramatically, but employment prospects within it remain bright.

Aline Cummins, head of education at the British Computer Society, the industry's principal professional body, says the prospects for graduates with a computing qualification are excellent. George Penney, careers project manager at the National Computing Centre, says he does not know of an unemployed computer science graduate.

Unlike some careers, which welcome only those with specific technical qualifications, the computer business, despite its scientific image, is open to graduates from virtually any discipline. Penney says that employers are looking for graduates who can communicate effectively, a view echoed by Barney Gibbons, chairman of Sema Group, one of the UK's largest computing services companies. Sema receives about 8,000 applications from graduates each year and employs about 200.

The range of career choices in computing is very broad - from sales and marketing at one extreme to the design of computer circuitry at the other. This stems from the fact that the computer industry is not homogeneous but is really two industries locked in tandem - the suppliers, who manufacture computers and provide computing services, including software and consultancy, and computer users, commercial companies with their own computer centres and data processing teams to operate them. While suppliers, by and large, have a preference for graduates with computing qualifications, user companies seem to prefer those from other backgrounds.

The industry is remarkable also because of the influence of one company, International Business Machines. More than 70 per cent of all the mainframes used world-wide are made by IBM or are copies of IBM designs. The same is true of professional personal computers. IBM has dictated the way in which companies carried out their data processing and dominated the shape and direction of the industry since the 1960s.

But even this picture is changing. The computer

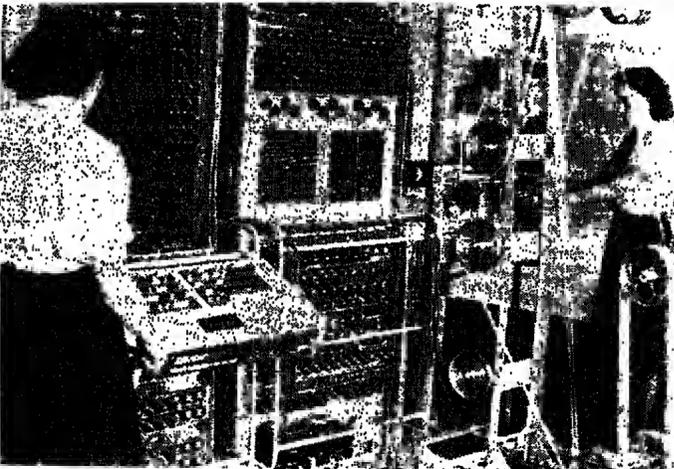


industry is being reshaped by a number of forces including the emergence of microprocessors which are as powerful as medium-sized computers of a few years ago, and computer users' insistence on common standards which will allow them to interconnect computers from several different manufacturers. This has profound implications for hardware specialists, engineers skilled in the design of silicon chips and printed circuit boards, all the elements that go to create the architecture of a computer system.

The prospects in the UK for such people cannot be said to be as bright in the larger companies as they are for software experts. The hard fact is that most of the innovation in commercial data processing hardware over the past decade has come from the US or more



ICL's mainframe systems development centre. The company is the UK's sole mainframe manufacturer



This lot probably now fits into something the size of a calculator

Increasingly, the trend is towards building computers out of standard microprocessors - indeed, hardware is becoming very much a commodity with most of the value coming from the software running on it.

The UK's sole mainframe manufacturer International Computers (ICL) designs the chips which go into its machines in the UK but they are fabricated in Japan, the result of ICL's technical collaboration with Fujitsu, the Japanese electronics giant.

Peter Forbes of STC, ICL's parent company, says that of the 500 or so graduates the company will take on this year, 350 of them with an engineering or science background, only 80-90 will be hardware engineers and demand is static.

Brian Hyde, graduate recruitment manager at IBM (UK) tells a similar story. The company recruits up to 500 graduates annually but only, perhaps, 10 per cent will be hardware specialists. IBM's chief requirement is for "trainee systems engineers", IBM's description for marketing support staff. Starting salary for all IBM trainees is around the £11,500 mark with extras for living in London, further degrees and so on. Like most computer companies, IBM is as anxious to recruit women as men and is disappointed by the comparatively low level of applications from women, about 25 per cent of total applications in a year.

The changing shape of the industry means that there are also opportunities for hardware designers with a small but exciting range of innovative UK companies carving new market niches for themselves including Psion, a leader in hand-held computers, and Meiko, which build supercomputers based on the high-speed Imos transputer or "computer on a chip".

Fanatics unwelcome in software business

Professor Joseph Weizenbaum of the Massachusetts Institute of Technology complained in Computer Power and Human Reason of what he called the "compulsion to program" - a malady which affects "bright young men of dishevelled appearance, often with sunken, glowing eyes who play out megalomaniac fantasies of omnipotence at computer consoles".

As it happens, compulsive programmers of that kind are not welcome in commercial data processing; their minds tend to be on their own private obsessions rather than the job in hand.

Software, however, is now recognised as the key to progress in information technology. The hardware, the computers themselves, is becoming a commodity item; over the life of any computing project, the cost of software now approaches or surpasses the cost of the hardware. Customers are increasingly looking to software to give them an edge over their competitors.

The computing services business (computing services includes programming, software packages and consultancy) is looking for bright young men and women who are literate, numerate and able to communicate. It does not matter much whether you graduate from a university or a polytechnic. Indeed, companies are enthusiastic about graduates from polytechnics like Hatfield and Thames where the emphasis is on the commercial aspects of data processing. "There is not much call for new compilers these days," one software house chief said

systems software an understanding of which is basic to some university courses.

Starting salaries are in the region of £10,000-£11,000. In principle, men and women have equal opportunities in the computer industry; in practice, there are relatively few women in the upper ranks of the software business. A campaign, "Women into IT", is promoting the case of

women in the industry. Graduates from almost any academic discipline have, broadly, a choice of four kinds of company for which to work. First, computer manufacturers like International Business Machines (IBM), International Computers (ICL), Unisys, Digital Equipment, Hewlett Packard and so on; these have a continuous requirement for software specialists to write both systems software and applications software which carries out a specific task for a customer. Second, software houses like SD-Scicon, Sema Group, Logica and Hoskyns which work with customers to develop bespoke applications software or build and market packages.

Third, consultancies, frequently arms of the large accounting firms like Arthur Andersen and Price Waterhouse, which advise their customers on the best way to run their business including advice on information technology strategy.

Consultancies may write software and manage the implementation of the strategies they propose.

Fourth, computer users. This includes virtually every company. Some have large, well-structured data processing departments with a central data centre and subsidiary information centre to help support computing throughout the organisation. Others have only a small computer with

a single programmer.

For graduates, an important factor is the quality of training they are likely to receive after joining a company. Hardware companies and the consultancies in general have a good reputation for training but quality of training throughout the rest of the computing services business is, at best, patchy.

The tight budgets on which most services companies run means that investment in training is the first area to be cut in times of financial stringency. Furthermore, the general shortage of competent computer specialists means that firms are unwilling to invest large sums in training people who then leave for higher salaries elsewhere.

There are a number of initiatives, however, which may improve matters. The British Computer Society has developed a programme called the Professional Development Scheme (PDS) which is subscribed to by some 50 companies both hardware and software.

Cosit, an institution which used to administer the now redundant training grants from the Manpower Services Commission to the information technology business, is developing the Industry Standard Development Programme (ISDP). This aims to create a logbook for computer specialists which indicates the level of competence they have reached

and so can be used as a passport between companies. So far the services companies BIS, Sema, Hoskyns and SD-Scicon have joined the scheme. There are moves, under the aegis of the Computing Services Association, the industry's trade body, to bring PDS and ISDP together into one scheme.



Meanwhile, a Government initiative, the National Council for Vocational Qualifications, is attempting to set out "models of competences" across industry.

It sounds confused and it is; the industry is putting pressure on the Government to take a part in reforming the system. The importance of the software and services business to the future of the UK is so great that some improvement is inevitable. Until then, graduates should quiz their prospective employers closely about training.

Arts specialists joining scientists

If your degree is in English or geography or fine arts, or you are interested in business it may not be immediately obvious that a rewarding career may await you in computing.

The mental flexibility which distinguishes good systems and software specialists is by no means limited to science graduates. Indeed, companies which use computers (as opposed to hardware manufacturers and software houses) often prefer non-science graduates because of their communications skills and business facility. You will learn all the computing you need through training courses.

There are exceptions, of course. A highly technical company like British Aerospace (BAe) recruits chiefly science graduates, even for its headquarters computer facility where most of the systems produced are to do with finance and marketing. Graduates working at BAe headquarters program in the business language Cobol, while in the various divisions they may use scientific languages like Fortran or Ada.

The emergence of small, low-cost machines of equivalent power to the expensive monsters of two decades ago has extended the use of computers to companies of every size and purpose.

It has also resulted in a serious shortage of people who can combine an understanding of a particular business area - banking, say, or retailing - with a sound knowledge of computing. One estimate suggests there is already a shortfall of 20,000 software professionals and that it will rise to 53,000 by 1991.

So there will be no shortage of well-paid work for quality people. One caveat, however, for non-computer specialists computing is not for everyone. Computer professionals like to argue that being able to program is a virtue like being able to swim and that everybody should do it and enjoy it. But it is not so. Programming, for those temperamentally unsuited to it, can be a frustrating, miserable business.

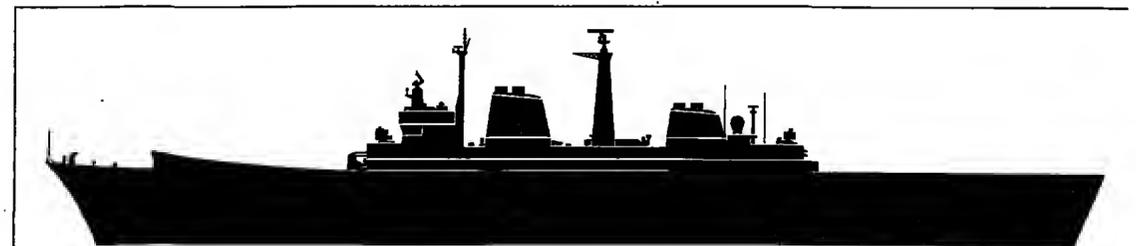
Fortunately coding - the business of writing programs in a computer language - is becoming automated with the gradual adoption of what are known as "fourth generation languages" which make it possible to write a simple English-like instruction which the computer itself turns into a code it can obey.

What most graduates in user companies enjoy best is analysis, breaking down a business problem into its constituent pieces and planning and implementing a computer system to cope with it.

You should also be aware that commercial data processing is going through a substantial change, driven by the availability today of low cost computer power.

The traditional data processing department was a creature forced on companies by the cost and complexity of mainframe computers. It was something apart; there was almost no interchange

Continued on 1



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HMS Invincible - captured by Capt. Mike Bretton MA RN, PPE Graduate.

continued from p43

tween data processing and the rest of the business. That is changing because companies are trying to use information technology to give themselves a competitive advantage. To do so they have integrated their information technology strategy with their business objectives. As a result, information technology has had to be taken seriously at board level. There is more movement between the data processing function and the general business than ever. Telewoods, for example, the catalogue shopping, chain stores and financial services organisation, recruits from a discipline with a view to developing graduates and enabling them to pursue a variety of career paths. Another major change over the past few years has been the move to contract, or freelance, programming. This is not for the recent graduate, you need to have a few years of computing under your belt - but it is certainly a career opportunity for the future of which you should be aware.

AC

A crop of IT diversity

A career in information technology implies a diversity of jobs and of companies for which one can work. Here we count the experiences of four young IT professionals working for a consultancy, a software house, a computer hardware manufacturer and an industrial company. Simon Wheelton, aged 22, specialises in the new generation information technology professionals. A graduate of computer science from Bristol University, his enthusiasm is stimulated by an interest in mathematics and physics and an early experience of computers. Simon works for Andersen Consulting, an arm of Arthur Andersen, one of the world's biggest accountancy firms, as

a "staff assistant", consultants' jargon for trainee. His starting salary was £14,000 reviewed every six months. After two years he could expect promotion to "senior". A high flyer could become a partner in 12 years or so.

Despite his youthful enthusiasm for home computing, he is far removed from the popular conception of a "techie", obsessed with programming. "I wanted to use my degree," he says "but not in a technical environment." He did not apply to any software houses because he had no desire "to work in a room with a screen and a light bulb".

He sought a larger firm that would provide effective training. His choice finally narrowed to Andersen, British Petroleum and the consultancies Price Waterhouse and PA.

Andersen's graduate training programme is recognised in the computer industry for its quality. Simon spent his first four weeks in London before transferring to the US for a three-week course at Andersen's Chicago training centre.

Back in the UK he has been working on a variety of computer-based projects and says job satisfaction exceeds his expectations.

Wendy Redshaw has been working for two years for Logica, one of the UK's leading computing services companies, and is already a project manager, developing "expert systems", special computer software that owes its power to the techniques of artificial intelligence.

She studied mathematics at Imperial College, London, and graduated well, at the cost of an abiding hate for the subject, and the idea of a job in computers.

Her career adviser thought that Logica, a company with a reputation for design flair as well as technological skills, might suit her aspirations.

Her first few months of learning the jargon and bow to write programs were frustrating. Her manager solved the problem by switching her to working on the details of a bid for a contract the company was preparing. "When I finished working on the bid I wanted to learn to program," she says. Since then, her progress has



Wendy Redshaw: happy in her work and a project manager after two years. But will she get a pay rise?

been rapid. Wendy is happy with every aspect of her job at Logica except pay. She started on £9,550 two years ago and, with a special top-up to help with her share of a joint mortgage, is only on £16,100 despite her rapid promotion. Headhunters make her tempting offers.

Darron Antill, a graduate of University College, Swansea, works for Digital Equipment Corporation (DEC), the world's second largest computer company and pioneer of the minicomputer.

He qualified as a geographer, specialising in that branch of the discipline which deals with the sociology of high rise buildings and the dynamics of retailing. He is a graduate sales trainee in the second year of a 30-month training programme which will lead to a qualification as a salesman.

Darron is impatient with progress, believing the training period could be substantially shortened, but grateful that he is doing what he describes as a "real job" involving order processing and sales administration.

He says it was not so much the high technology as the growth potential of the computer business that attracted him. He was looking for an opening in sales and marketing since all he had heard and read about the industry suggested it would fulfil his ambitions.

He started with DEC in 1987 on a salary of £8,750 and is broadly happy with his progress. He has never learned to program the machinery he is helping to sell - it has simply never been part of the job.

Ursula Rodden, now 24, has never found much need for programming either, although her course in geology and geophysics at Durham University had a strong computing element.

She now works for Esso UK in its Communication and Computer Services Division, analysing the company's use of its computer services and determining ways to improve the division's performance.

Working for an oil company might seem a natural choice for a geology graduate, but Ursula specifically chose information technology. She wanted a career applying technology to business and computing provided an environment where rapid progress could be made.

She knew that a large company would be able to provide better training, more modern equipment and a challenging environment.

Esso did not disappoint her. After six weeks general induction and elementary computer training she was plunged into the company's telecommunication group, planning Esso's data communication network.

Ursula sees her career developing in ways which would not have been possible in earlier years when data processing was considered very much a "boilerhouse" activity for technical specialists. "Good IT managers" she says "need an insight into business and good business managers need a good technical appreciation of IT".



Did they know what it would all lead to

CONSTRUCTION

Be wary of learning on the job

Starting salaries paid by construction and building services companies to attract trainee graduates have risen sharply this summer as the industry continues to try to overcome serious skill shortages.

Professor John Bennett, head of the centre for strategic studies in construction at Reading University, said graduates at the beginning of September were being offered up to £1,000 a year more than graduates who had taken jobs at the beginning of the summer.

Starting salaries of £14,000 to £15,000 paid by large

contractors and leading firms of quantity surveyors were several thousand pounds higher than those being offered by the largest accountancy firms.

Bennett was criticised last autumn by construction companies for suggesting that graduates wanting to get on to the board of a large construction company would be likely to get there more quickly by joining a firm of accountants than by joining a contractor or firm of surveyors.

"It was a way of making a point," he says. "The construction industry generally does not provide the breadth and quality of management training provided by accountancy firms, although some major contractors recently have improved the quality of their training."

Another criticism of the UK construction industry is that

it is made up of a large number of narrow disciplines which have not always worked together with common purpose and team spirit.

The lack of cross-over between these disciplines has been reflected in training as well as on the building site. It is not unusual in the DS to find a trained architect working as a site manager. Similarly, on the Continent, architects and engineers working in construction often switch roles. Very few architects in the UK would have the inclination, let alone the range of skills needed, to manage a modern building site.

UK graduates entering the construction industry, says Bennett, should seek to broaden their experience as much as possible. They should avoid employers who do not allow them to do this.

One graduate who joined a leading firm of quantity

surveyors left after just six months. He said he had been used to do boring repetitive jobs which nobody else wanted to do. There had been no attempt to allow him to work on a range of different jobs.

He has moved to another firm of quantity surveyors where he says there is a much higher commitment to training.

Graduates entering the industry should not measure a job by a high starting salary, but by the quality of the training companies can offer, and by the priority this takes over job requirements. Will young engineers be expected to cancel courses if work becomes pressing? What opportunities do companies provide to repeat missed courses?

One guide to a company's commitment to training may be the number of external courses it is prepared to finance. Graduates are advised to be wary of phrases like:

"You cannot beat learning on the job." or "There is nothing like work experience."

Companies should also be quizzed on their attitude to career development to weed out those who treat graduates as a stop-gap to plug the industry's chronic labour shortages. Students thinking of entering professional firms should ask how many of the firm's partners are former graduate trainees.

Bovis, part of Peninsular and Oriental Steam Navigation, the construction, shipping and property group, complements on-site experience by a programme of courses designed and run for Bovis by Brighton Polytechnic. Graduates additionally attend specific skill courses.

The group has also started recruiting small numbers of trained Continental architects and engineers to offset skill shortages in the UK and as part of a strategy to break into the Continental market when European Community trade barriers come down in 1992.

Many of the larger construction groups, including companies like Wimpey and Trafalgar House, use external courses at polytechnics and universities to broaden the skills of future managers and to compliment knowledge and experience gained working on site.

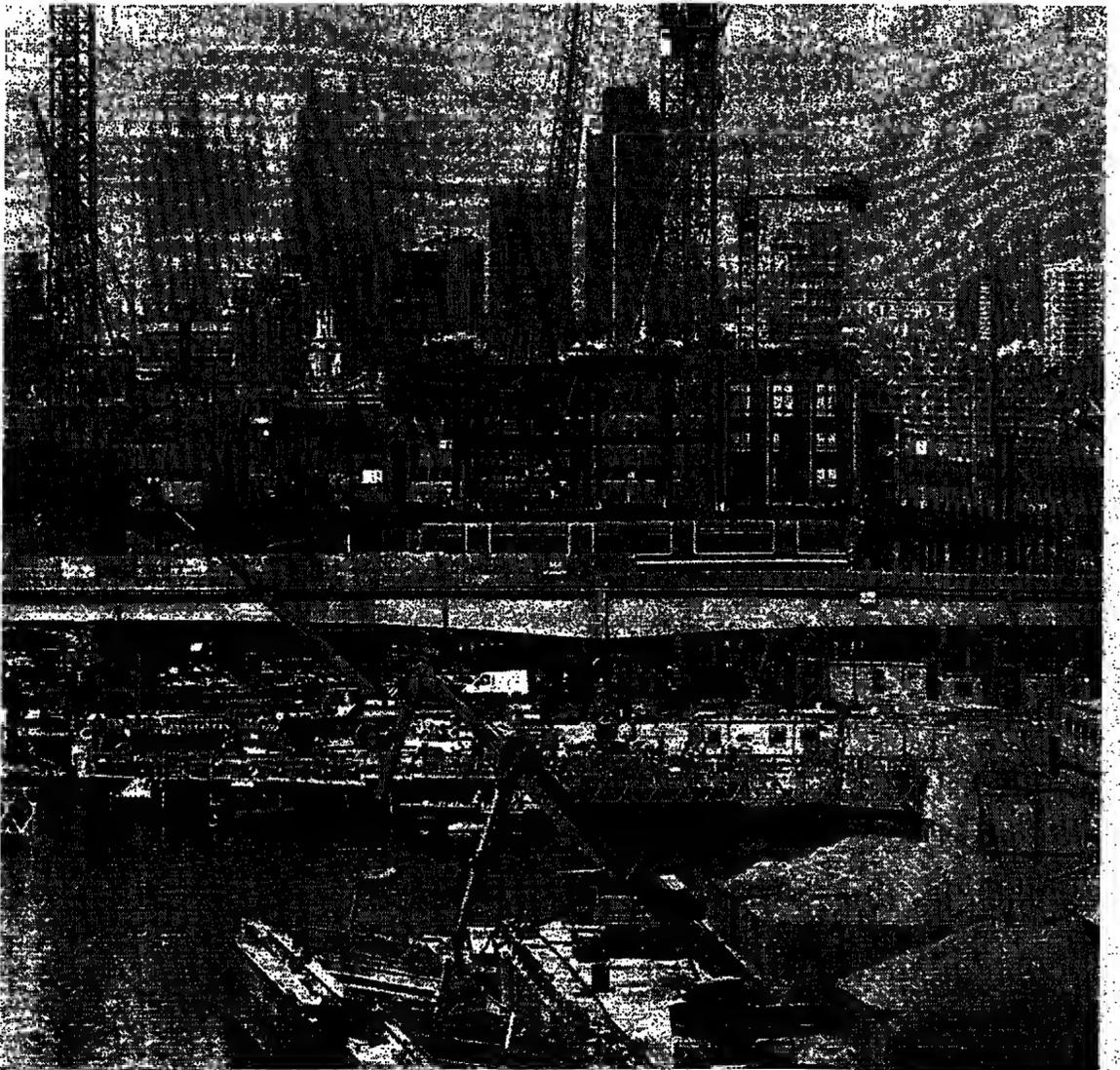
Some companies, Taylor Woodrow for example, are considering taking on graduates with more general degrees, particularly languages, partly to take advantage of opportunities on the Continent.

There are also courses to enable graduates entering the industry without construction degrees to secure equivalent qualifications. Taylor Woodrow says: "The annual output of UK civil engineering graduates is 1,200. Taking into account that roughly a third of these do not enter the profession, the construction industry is facing an increasing problem of graduate shortages."

The high level of pre-entry wastage suggests that companies are failing to convince students about the soundness of career opportunities. Some of this disenchantment may reflect previous cycles in the UK construction industry which saw order books and employment slump in the late 1970s and early 1980s. Many companies cut their investment in training as employment reduced.

Most companies recognise that this attitude was short-sighted. Investment in training has increased, but graduates can afford to shop around for companies which will provide them with the best opportunities to grow and succeed.

Andrew Taylor





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Handwritten note in Arabic: "هذا هو الأصل"

Property scene surveyed

Practical, male and middle-aged, not the entrepreneurial type. This was the profile the Royal Institution of Chartered Surveyors (RICS) found when it commissioned a poll to find out how the public saw its members.

Like most such exercises, the poll threw up half-truths. It clearly picked up some of the qualities of the technical side of the profession - the valuers, rating experts, quantity surveyors, building surveyors. But it missed the agency types, buying, selling and leasing commercial property, the investment specialists, the research people.

The majority of surveyors have drifted into the south-east because that is where the surge of property activity has been most clearly marked. Three-quarters of the entrants for the RICS tests of competence come from the south-east.

The RICS is the largest professional body. Its much smaller cousin is the Incorporated Society of Valuers and Auctioneers. And the RICS plays a crucial part in the life of the surveyor. Its qualifications are the benchmark of competence. Its standards are the professional norm, accepted, for example, by bodies like the International Stock Exchange.

The aspirant surveyor does not become a chartered surveyor until passing the RICS Test of Professional Competence two or three years after graduation. Jumping this hurdle demands some energy - special studies come on top of the normal workload. The effort will be greatest for those who go into the profession with unrelated degrees.

But there is little choice if a professional status is to be established and there are still some practices which will not make salaried partners of surveyors if they have not passed the Test.

The large practices of surveyors - Jones Lang Wootton, Healey & Baker, Hillier Parker, Chesterton, Knight Frank & Rutley and so on - all make provision

for graduates to train for the Test. Most graduates would be wise to lay greater stress on the adequacy of their training, in terms of facilities for study and opportunity to experience the different parts of the profession, rather than an initial fat salary.

In smaller practices the provision for the training of graduates is likely to be less structured. But exposure to the commercial and technical world may be quicker and more varied.

Smaller practices do not have the facilities, nor the need, to go on the Milk Round and their intake of graduates will be in single figures as against, say, 50 for Jones Lang Wootton or 20 for Knight

(though pay rates are less attractive) and among the property-owning and property development companies.

Hitherto - and the RICS is embarrassed about it - the profession has employed very few women. Out of a total RICS membership of 81,500, fewer than 4,000 are women and, of that figure, more than 1,300 are students. Absence of women has partly been because of ignorance: surveying has not figured prominently in the careers guidance given to girls. But all this is changing and, as an example, 45 per cent of this year's graduate intake at Jones Lang Wootton is female.

Chartered surveying has traditionally been the route to property fortunes, as surveyors switch from giving advice and providing services to doing the same thing on their own account. They have the great advantage of knowing the deals. Board lists of the major property companies are littered with the letters FRICS.

For all that, this is a delicate time to enter the profession. The economic growth of the 1980s has brought in its wake a wave of commercial property development and investment that has left some people very rich. But there is evidence now that the growth is slowing. If that is so, then the need for surveyors will stop growing and, indeed, could diminish. If there is consolation from that, it is that the skills travel even if the qualifications remain domestic.

Paul Cheeseright

Further information: Royal Institution of Chartered Surveyors, 12 Great George Street, London SW1P 3AD, and 9 Manor Place, Edinburgh EH3 7DN. Publications: Chartered Surveyors 1989, The Ivanhoe Guide (a career guide) edited by Jonathan Grosvenor and Linda Parkin, Ivanhoe Press, 17 Standingford House, Cave Street, Oxford OX4 1BA; £4.95. The Chartered Surveyors Survey from the Economic Development Briefing, PO Box 625, Hampstead, London NW3 2TZ; £2.00. Survey of corporate views of surveyors, including league table and directory. Property newspapers: Chartered Surveyors Weekly, Estates Gazette, Estates Times

ALSO SEE ARCHITECTURE



Frank & Rutley. They will probably pay more, too.

Starting salaries vary and are dependent on bonus packages and allowances, but they are in the range of £10,000 to £14,000. They have been driven up in recent years. Like other professionals, surveyors have been in short supply. The large practices not only compete for recruits but poach each other's specialists. There is still some competition for entry, however: on past experience there will be around 400 for 20 posts at Healey & Baker, 900 for the 20 at Knight Frank & Rutley and 1,000 for the 50 at Jones Lang Wootton. But the practices are not the only avenue open. There is a need among the local authorities



Consumer goods manufacturers train the bulk of marketing specialists. Above, the concept of 'healthy eating'

CONSUMER GOODS INDUSTRIES

From the frying-pan into the pressure cooker

THERE ARE two ways of making a professional out of a raw recruit in the fast-moving consumer goods industries. The European *haute cuisine* approach demands attention, precise ingredient control, and careful simmering. The north American short-order cook's style is to toss everything into the pressure cooker, turn up the gas, and see how things turn out.

Britain's acknowledged *maitre chef* is Unilever, the conservative Anglo-Dutch multinational with a vast train of subsidiary companies

hungry for quality managers, and a highly-sophisticated graduate training scheme to supply it. But the US giants take some beating for heat and pressure. "Mars takes on trainees and tells them: 'We'll work your balls off for four or five years, and probably not have a job for you at the end of it,'" one competitor said. "But what a preparation for a career."

The principle appears to be that those best able to flourish in the heat are precisely those needed to keep Mars ahead in the ferociously competitive world confectionery market. Even those who wilt will probably have little difficulty finding a place in a more sedate business at the end of induction.

Differences in corporate style are mainly cultural and, partly as a consequence of this, the graduates in demand among consumer goods manufacturers which train the vast bulk of the world's marketing specialists, vary more in temperament than in academic or intellectual quality.

The average trainee enters the food and packaged goods industries with a 2.1, and few

companies demand any particular specialism - apart from the obvious requirements of their engineering and technical divisions - relying on their initial screening processes to select the right "types" and on training and monitoring processes to turn them into good company people.

They can expect to start on around £12,000 a year. By the time they emerge from basic training processes, two to three years on, regardless of the cultural base of their employer, they tend to be equipped to work anywhere, switching roles relatively easily between toothpaste, sausages, financial services and engineering.

According to the careers office at Surrey University, some people will avoid a company like Mars because they see it as "very American, very high pressure". Those who consider themselves high achievers, on the other hand, will strive energetically for a place.

Unilever projects a more protective image: and because of its wide product portfolio, ranging from soap and expensive perfumes to sausages and animal feed, has

a home for quality trainees of every disposition.

Between the extremes lies a select group of international consumer companies. The likes of Procter & Gamble, Cadbury Schweppes, Heinz, Rowntree and Kraft General Foods generally offer much-praised training schemes. For the more cautious they may offer long-term, high-powered careers. Lever Brothers, for example, Unilever's UK detergents subsidiary, has recruited almost 600 graduate trainees in the past 35 years, and of those who joined before 1973 and are still with the company, virtually all have reached top management posts.

Procter & Gamble, Unilever's great international rival, is one for the steadfast: all management is promoted from within this most secretive and successful of organisations.

For the more headstrong and impatient, these companies are "great places to leave." In the words of one careers officer, a fledged trainee from any of them should have little difficulty accelerating his or her movement up the pay scale by switching to any of the others,

or even by moving to a smaller company where the career ladder may not seem so lengthy or the corporate structure so impenetrable.

However, there is a growing tendency for large companies to grow their own management rather than shop around - although "poaching" is still prevalent. According to Bill Donnelly, personnel manager at Lever Brothers, trained marketing people with three or four years' experience in his company receive calls from headhunters "every afternoon".

Some 10 years ago, Mars and Beecham group, for example, used to attract new blood by advertising, but as it became apparent that many of the people available were those who were failing to make the grade in their original companies, they too established their own schemes.

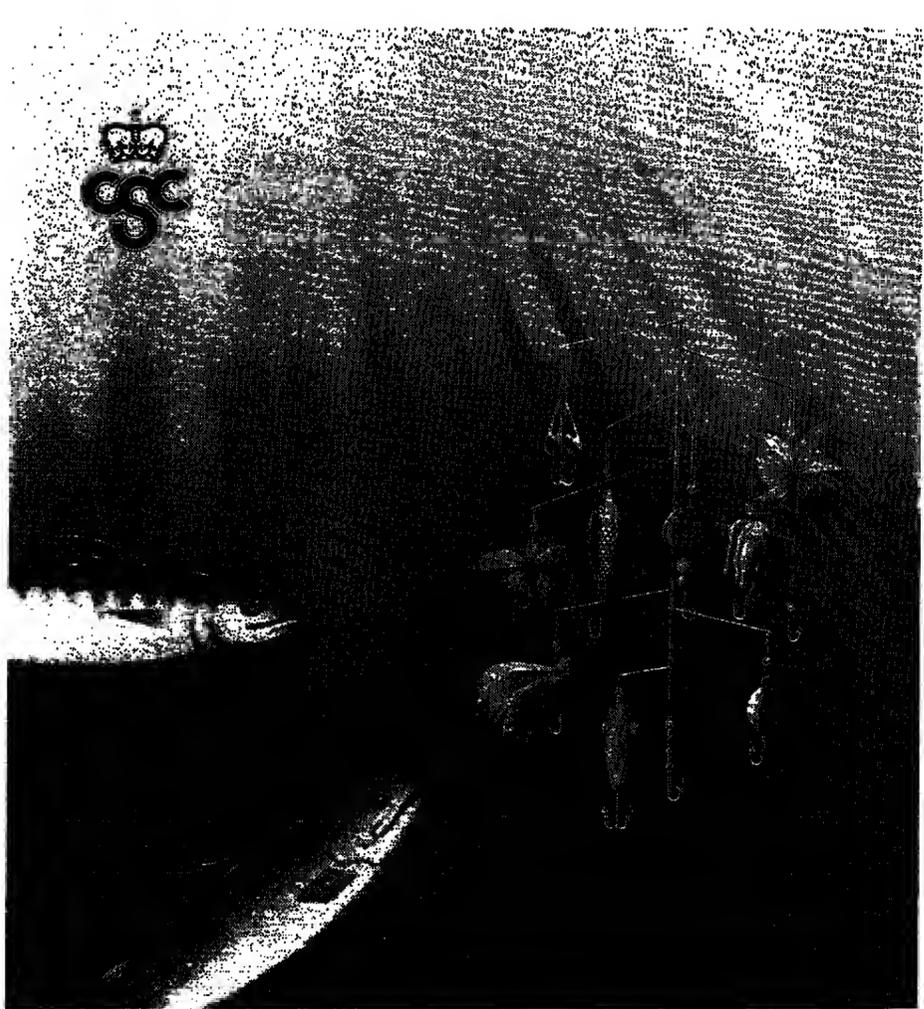
Shifting to a smaller company from a relatively lowly point on the promotional scale in one of the larger groups to a high spot in a smaller, British-based operation, also cuts people off from the breadth of experience, overseas and otherwise, and the ultimately larger rewards available in the multinationals. It is also relatively rare for these companies to take back prodigals.

Trainee places in all of them are understandably hard to come by, especially for people seeking careers in the "huzz" business of marketing. But while they are routinely swamped with applicants for the leading-edge departments, such as marketing, finding engineers and other technical people is a different matter. According to Chris James, careers officer at Liverpool Polytechnic, consumer companies have a job to compete with high-profile engineering businesses like Rolls Royce and BAe, or the petrochemical giants.

The route to fame and glory in research and development, design, or some other specialism seems more interesting and also shorter to the practically-minded than the road which takes a new graduate from college to a technical manager's desk in a soap works.

Christopher Parkes

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DISTRIBUTION



Specialists tend to be smaller and more dynamic

DISTRIBUTION

Back-street drivers no more

The distribution industry has an image problem. A business run by men in sheepskin coats, operating a couple of lorries out of a grubby back street, is at an immediate disadvantage in the battle for

the best graduates. Except that the image is wrong. There are some Arthur Daley figures left in the cut and thrust world of general haulage, but there are very few in the complex and sophisticated world of logistics and distribution.

"We do still suffer from that slightly grubby image, but driving lorries is a very small part of the industry, and many people in it never ever see one," says Raymond Horsley, director general of the industry's trade body, the

Institute of Logistics and Physical Distribution.

Logistics, or the science of organising goods and services, is the name for the way in which the distribution industry manages products "from ore to store" as the jargon has it, including procurement of raw materials, production planning, sales forecasting, stock control, customer service and transport.

Companies have always done these things, but usually in an uncoordinated way, without

attempting to use the process of production, transport and storage as a way of reducing overall costs.

The creation of an industry specialising in logistics was made possible by the development of a sophisticated array of computer and information technology tools which enable companies to keep production and storage under tight control.

Raymond Horsley estimates that companies can cut their overall costs by between 10 and 50 per cent by using logistics skills, depending on the inefficiencies of their previous operation.

Not surprisingly, 30 per cent of UK companies now have professional experts in distribution managing their product flows, and the proportion is increasing rapidly as the potential for savings increases with the approach of the EC single market in 1992.

Salaries are rising rapidly as a result, particularly at the top end of the business. For example, the European logistics director of a major company would expect to be earning up to £100,000 a year, while the distribution director of a company operating largely in the UK would command up to £70,000.

But, first, you have to be trained. The industry can be divided fairly easily into two parts: the distribution operations of major manufacturing and retail companies, and the specialist distribution operators. The latter offer a complete package to companies which do not have the expertise or capital to do the job themselves.

"There is no central record of the number of graduates hired each year by the industry, partly because those recruited by industrial and retail companies are not always taken on as distribution specialists.

Horsley estimates the annual total at around 800 or 900. Those who join one of the big retailers, brewers or manufacturing companies will have the strength of a major company behind them, and the chance of moving into general management with the same company.

The distribution specialists tend to be smaller and more dynamic, and will usually offer more responsibility more quickly, since they have to set up specialist teams to manage specific contracts.

There are a large number of small to medium-size companies. Some of the better known and better run include Christian Salvesen, Tibbett & Drifden, TNT (the UK arm of the Australian multinational), and Federal Express, owned by the US giant of the same name.

However, the market leader in training, and in some other areas, is NFC, once a falling state-owned partner of British Rail, which was successfully privatised in 1982. Like some other specialist companies, NFC has fingers in other pies, but around a quarter of its £1.2bn turnover comes from distribution activities.

Like the rest of the industry, NFC is keen to attract good graduates, and the intake has grown rapidly in recent years from 28 in 1985 to a forecast 90 next year. Angela Howe, in charge of the group's management training manager, says this rate of increase is likely to continue, though NFC can afford to be relatively choosy since it receives around 1,000 applications a year.

NFC starts graduates on £10,000, increasing to around £13,000 after a year's intensive training. Responsibility comes fairly quickly - a newly-trained junior manager might be managing a shift in a warehouse after a year, or controlling NFC's services to a major customer.

For example, Angela Howe's first job after initial training was managing the distribution of all turkey deliveries nationwide at Christmas for the Tesco supermarket chain. That might sound a little comical, she says, but moving the birds from suppliers through warehouses to the right stores at the right time was a complex operation fraught with problems.

Few other companies recruit on the scale of NFC. But there are several which take up to a dozen graduates a year, including Transport Development Group (TDG), a decentralised group of around 70 companies.

Brian Jones, TDG's management adviser, says the industry is waking up to the need to recruit the best possible graduates, and is beginning to attract many good people.

Kevin Brown

Further information: Institute of Logistics and Physical Distribution Management, Douglas House, Queen Square, Corby, Northants. Freight Transport Association, Hermes House, St John's Road, Tumblebridge Wells, Kent.

E

ELECTRONICS ENERGY ENGINEERING

ELECTRONICS

Recruits expected to move on

Strong competition among companies wanting to hire newly-graduating electronic engineers has inevitably smoothed out many of the differentials in job conditions. But the electronics industry presents, nevertheless, a wealth of different prospects, from the type of equipment the companies manufacture to the kind of environment in which they are produced.

The UK industry, on the product side, is heavily biased towards defence and telecommunications equipment. GEC-Marconi, Britain's largest electronics group, is primarily a producer of military equipment, from torpedoes, to radar, communications products and avionics. British Aerospace is similarly heavily engaged in sophisticated defence equipment, along with Plessey (now absorbed in GEC and Siemens), Ferranti (which may be taken over as a result of the recent fraud scandal), Racal and Thorn EMI.

The weaknesses of the UK industry - now running a trade deficit of around £2bn a year - lie in micro-electronics, the consumer area dominated by Japanese and Continental European companies, and computers. Job opportunities in these areas lie increasingly in foreign-based groups.

In semiconductor, for example, Plessey, the sole remaining substantial UK force, has recently been taken over by GEC and Siemens of West Germany. Immos, the

technical training, along appraisal sessions.

Salaries at Marconi are reviewed every six months. In the past year or so, the company has taken steps to try and tackle the problem of graduate shortages by subsidising mortgages for new recruits in the south-east.

Philips, the Netherlands-based multinational, hires about 120 UK electronics engineering and computer science specialists a year. Ann Kofearn, head of the group's graduate recruitment activities, says that Philips also has a system of attaching graduates to a mentor who identifies development and training needs. "After years of school and university, graduates want to contribute to a genuine programme, so we try to tailor off-the-job training to individual needs," she says.

Philips employees also have plenty of opportunity for moving around, both within the UK and overseas. ■ STC and its ICL computer subsidiary take on about 500 graduates a year, of which 180 are electronic engineers. Peter Forbes, the group's graduate recruitment manager, says that most of these new recruits go into the research and development department, although there is an increasing demand for them in manufacturing.

Forbes adds that one of the company's attractions to young graduates is that the company does all of its pure research and development in Britain. It also promotes quickly: the average age of the ICL Board is 44, so there are several divisional directors controlling up to 1,000 or so people, who are only in their late 30s.

■ Motorola, in contrast to STC, makes a virtue of being an



The classic British-manufactured marpack

other indigenous British group, started by the UK Government 10 years ago, is now owned by SGS-Thomson, the Italian-French producer, and the other manufacturers on British soil are all foreign.

In the consumer electronics sector, Britain has a wealth of foreign television and videocassette recorder manufacturers, from Thomson of France (which took over the former Ferguson operation two years ago), to most of the Japanese producers, led by Sony. Some design work is steadily being transferred to these plants.

The leading electronics companies are all now paying close attention to the recruitment and development of graduates.

"The picture may change, but Ferranti had been planning to take on about 110 electronic engineering graduates out of a total intake of 220 graduates this year. In the past most of these have gone into design, development and production activities, although some have also gone into software operations. Roy Boyle, Ferranti's head of personnel, says that the progress of new recruits is carefully monitored, with regular appraisal and counselling sessions. Graduates are put straight into work programmes, with established targets and training. After five years with the company, graduates would normally be expected to be organising a project.

■ GEC-Marconi recruits about 450 graduates a year, of which 150 are sponsored. Not all of these are electronic engineers, but about 95 per cent have a technical degree. John Shrigley, personnel director, says that career development starts with an induction process that "allows new graduates to understand the business as a whole, the area they are in, and the way they interconnect." After that

American-based multinational, Craig Mudge, its director of human resources, is responsible for graduate recruitment throughout the whole of Europe - about 45 per cent of its newcomers are hired in the UK.

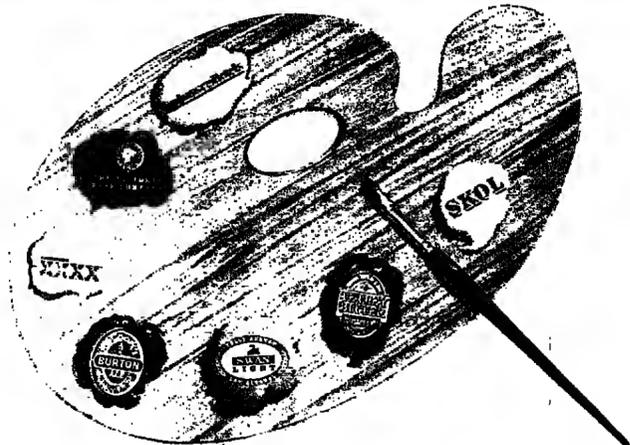
According to Mudge, Motorola finds a positive advantage in being able to move graduates to different European companies - people working in the semiconductor division at East Kilbride, for example, can move to the group's other chip plant at Toulouse.

Marinda Penhale, training adviser at the Engineering Industry Training Board, makes the point that, while large companies are more stable, and give the prospect of a broader training, they tend to be more competitive internally and less responsive to bright new ideas.

On the other hand, she says, small companies can run into problems more easily, and are more frequently the target of takeovers and mergers. Inevitably, most graduates go first into large companies, but there is a tendency for many of them to leave over the first five years of their employment to join smaller groups and departments of non-electronic companies.

Throughout the industry it is accepted that employers can only expect to keep about 50 per cent of their graduates for more than five years on average. In the footloose south of England, with wages buoyed up by seven years of steady expansion, the retention rate is even less. In the north, graduates stay longer, but even there the demand for their services makes them happier to change jobs these days.

Terry Dodsworth



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Applicants likely to control the interviews

Electronic engineering graduates are well aware by now that they are in a seller's market. Companies are having to fight for their services, and the struggle for good recruits is expected to increase steadily over the next few years. "Undergraduates," as one company puts it, "are becoming less and less like interviewees. They are beginning to do the interviewing themselves."

This underlying imbalance in the market could change, of course, in the event of a sharp economic downturn. But the basic figures favour new graduates for several years to come - a supply curve that has flattened out, and demand that is growing at between 7 and 10 per cent a year.

One result of this greater freedom of choice is that many students are delaying their job decision for as long as possible, often waiting until well after graduation before selecting an employer. Another result is the increasing responsiveness of the companies they are joining. Graduates, companies say, are looking for variety, flexibility, stimulation and the ability to progress quickly.

To respond to these needs, most big electronics-based companies now have quite elaborate processes to try and smooth the entry of new graduates. Six monthly salary reviews are commonplace, and so are regular career progress discussions that hammer out problems and identify training needs. Some companies - though not all - encourage newcomers to move around regularly to gain experience.

New graduates are unlikely to be able to play different companies off against each other to gain big advantages in salary - personnel directors keep a close tab on what they are all paying. The going rate at present is in the £10,000 to £11,000 a year range for a new recruit, although the figure should be higher for graduates with extra qualifications such as work experience or an additional degree.

The six-monthly review process should be enough in many cases to increase the starting level by about 30 per cent after two years; at the end of five years, most graduates could expect to be paid well over 50 per cent of their initial remuneration, although by that time the process of performance reviews will probably be creating significant differentials.

Apart from money, however, there are plenty of variables for graduates to consider among electronics industry

may be involuntary in some companies and not available in others.

Some electronics engineers are best suited to outward-looking jobs with a lot of contact with customers, while others prefer more inwardly-oriented problem-solving. There are plenty of jobs for electronics engineers these days, for example, in the mobile telephone field, an industry which is driven on a day-to-day basis by market demand. But there are equally promising opportunities working on the latest chip designs, an area where there may be little direct exposure to the market.

Britain's electronics industry is heavily biased towards the defence sector, so if graduates have ethical objections to working for these sort of companies, their field of choice is radically reduced.

The areas available include hardware, software or production. Companies say that electronics specialists are equally suited to all of these activities. The production area, in particular, is expanding quite rapidly now because of the growth of just-in-time inventory systems and flexible manufacturing methods. These techniques demand electronic engineering skills both at the design and operational level.

Terry Dodsworth

ENERGY UTILITIES

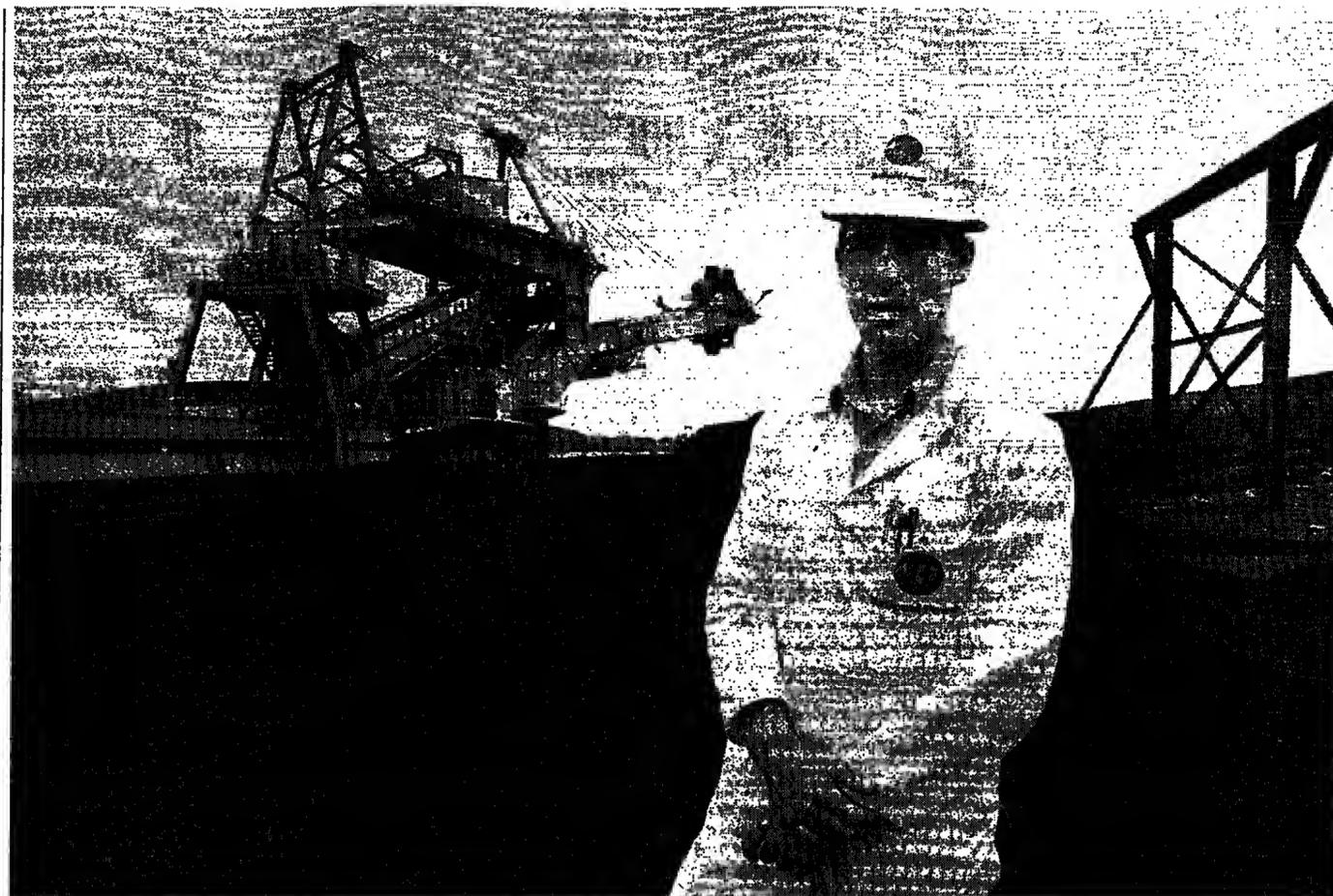
Switched on to hiring bright prospects

Big, safe and boring, they may have seemed, but the energy utilities - gas and electricity - are now at the start of a period of radical change, which is certain to make them more interesting and perhaps less comfortable places to work.

The long-term effects of privatisation are still unclear. British Gas, privatised in December 1986, is only now beginning to wrestle in earnest with the conflicts between its old public service culture and the demands of the private sector. One of the first visible signs of privatisation was a large jump in boardroom salaries, which will no doubt be reflected in the pay of senior management in due course.

Similar improvements in pay are already evident in the 17 electricity companies now preparing for privatisation from 1990 onwards by hiring accountants, planners and marketing men from the private sector.

Higher pay levels in the upper levels of the



Clean living: Brian Roberts, a graduate engineer, works for National Power at Drax in the coal, ash and dust department

old system in which graduates were mainly taken on in a particular department. Around half British Gas' annual intake of about 300 new graduates have arts degrees. They go into marketing, information technology and other general management jobs, whereas engineering and science graduates tend to be recruited for the more technical side of the business, initially at least.

Selection now follows the pattern used in many large companies of interviews, aptitude tests and role playing in groups. About three-quarters of the intake this year was selected for general management training, although British Gas keeps to the traditional emphasis of putting new employees through training courses for professional qualifications, like exams for the Institute of Marketing.

A starting graduate would get £13,000 a year, including London allowance, which

upper second class degree, or other special qualities as the first hurdle.

Recruitment to British Gas presents a much clearer picture than in electricity, largely because the electricity companies are only now being forced out of the old network of state industries. The Central Electricity Generating Board, traditionally the senior partner, which mostly recruited high calibre engineers and scientists, is being broken up into two generating companies; National Power, which retains

some of the nuclear plant, and the smaller PowerGen with 30 per cent of the power stations. The national transmission grid will be run by the National Grid Company, to be owned by the 12 distribution franchisees (the old area boards).

Of the 180 graduate recruits a year, 15 are designated as high fliers, about half go into science and engineering and the other half into the business side, including computer systems. The CEGB has been hiring centrally for some years, but in future, of course, the

separate companies will do their own recruitment.

Generalists do a 38-week training course in finance, accounting and other business skills, and the pay is somewhat better than at British Gas, with a starting salary of £14,000 a year in London, rising for high fliers to around £34,000 in their mid-30s.

In the next decade or so the emphasis is likely to shift markedly from the engineering culture developed during the years under state ownership since 1947 to a more commercial orientation. But

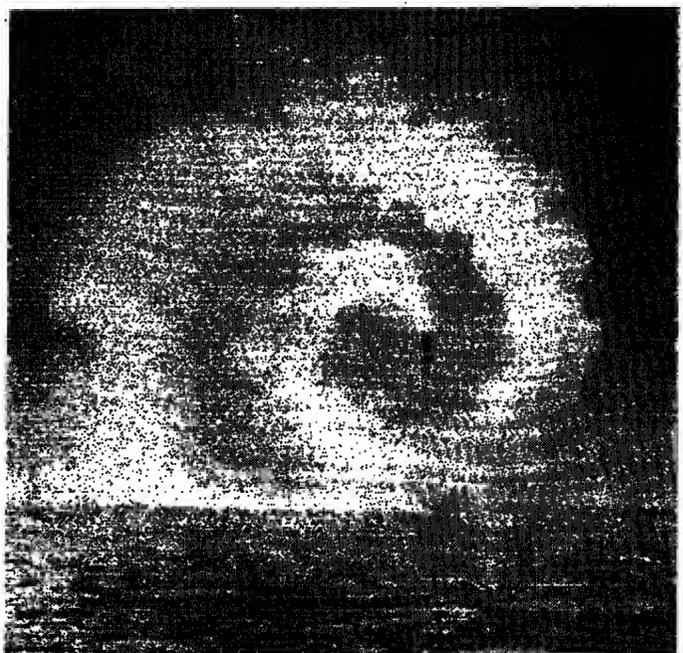
the change will probably be largest in the area boards (which become distribution companies). Whatever the scheme finally agreed for privatisation, it seems likely that they will need a sharper, more intellectual approach towards business strategy and their contractual arrangements.

The boards take on comparatively few new graduates. The London Electricity Board, for example, is recruiting eight per year at a salary of £10,500 in London which might rise to £32,000

on present pay scales, by the time a graduate was 31. The chance of acceptance for a well-motivated graduate with a good degree is quite high. About half of those asked to go through tests at the assessment centre will be offered a post.

It is fair to say, however, that because of the great uncertainties facing the electricity industry, it represents a higher risk to graduates than most other industries of comparable size.

Max Wilkinson



The electronics industry is heavily biased towards defence. This can have its downside

employers. They must decide if they would prefer to work with a big multinational group, or a smaller indigenous enterprise.

The multinationals are usually big enough to have well-structured career development plans, and the kind of investment levels that make for interesting research and manufacturing projects. But they also tend to be foreign which means that the big decisions on research or anything else will be made overseas; and it is difficult for UK nationals to penetrate their top management echelons.

The graduate should also consider if they would like work overseas, travel a lot, or stay at home. Both foreign

organisation is likely to be one of the consequences of the higher risk and greater competition to which these former nationalised industries will be exposed. In the case of Gas, for example, the management is having to wrestle with an aggressive regulatory regime in its traditional market, while plunging into the relatively new world of open market competition in the non-regulated exploration and production side of its business. Hiring and keeping bright and energetic graduates will be the key to success in future.

This has been reflected in a more centralised and more sophisticated recruitment policy, with a new emphasis

British Gas thinks is about the middle of the field for larger companies. After two years a successful graduate would be earning £15,000 with promotion to £17,000 after another two years. After perhaps four to five years, a graduate could be on the first rung of the higher management ladder earning £18,500 to £23,000. Into the 30s and he or she could be in one of the top management grades earning up to about £30,000, and in charge of one of the regional functions, like marketing, for example.

Because it offers a solid career structure, British Gas has become quite popular with graduates, attracting 4,000 applicants last year (although not all of these will have applied

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ENGINEERING

The time to do your homework

Demand is much greater than the supply of engineers right across the disciplines from mechanical and aeronautical to electronic and manufacturing systems, so graduates are firmly in the driver's seat when it comes to job hunting.

However, they need to be aware of the many pitfalls in the labour market. Pay, conditions, prospects for promotion and the working environment varies enormously. Many manufacturing companies don't know how best to deploy their talented engineers.

However, if you choose the right company, the general benefits in engineering will be great. These include having real technical problems to solve, foreign travel, and the

likelihood of a switch to management. For those who hate inner city life, there is the added advantage that many of the UK's main production plants are located out of town.

Another consideration is that many Continental European companies, also desperately short of new professional engineers, are beginning to sniff around the UK. British engineering graduates are already working for West German, Swiss and Dutch companies.

Don't go into engineering because of its status, which in the UK is wobbly. There is no clear concept of the engineering manager in Britain, as there is in most other industrialised countries. The UK has backed off from the single category concept of manufacturing engineer that is widespread in Japan and has been slow to embrace manufacturing systems engineering (once called production engineering) that has been a bedrock of Japanese manufacturing success.

Between 70 per cent and 80

per cent of British mechanical engineers have chartered status, but this seems to be less important for electronics engineers, of whom 30 per cent or fewer belong to one of the recognised institutions.

If you have doubts about a company you are interested in joining, take the advice of Alison Wake, a principal engineer at a British Aerospace military aircraft plant. "If it worries you, ask to speak to one of their young engineers. It is your market at the moment."

The recruitment market for graduate engineers tends to be national, though there is an increasing number of tie-ups between individual employers and individual polytechnics and universities. Some companies in mechanical engineering, such as Weir and Northern Engineering Industries (NEI), have a restricted number of higher education institutions from which they normally recruit.

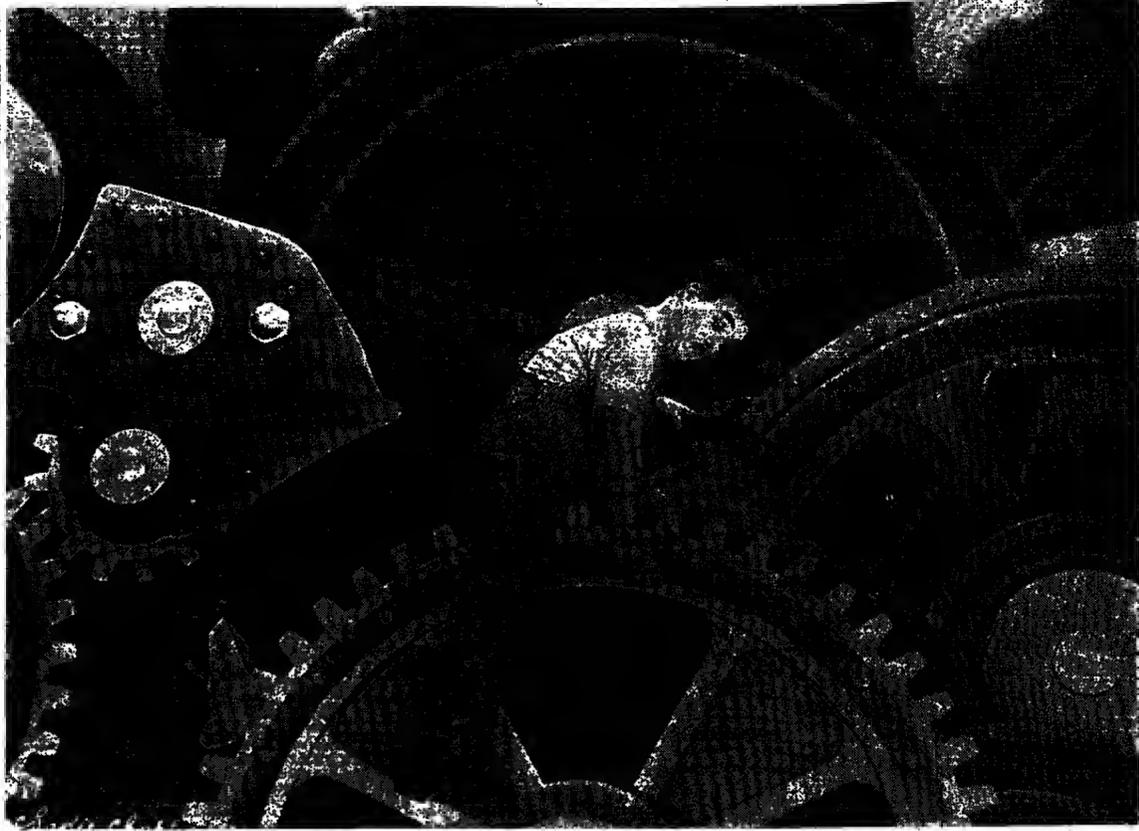
Young engineers have to address themselves to some of the structural restrictions of British manufacturing. For example, the UK electronics industry has a very strong bias towards defence and telecommunications but is relatively weak in the production of consumer products and in microelectronics.

Many of the biggest electronics facilities are owned by companies with their headquarters outside the UK, and this might hinder chances for British nationals climbing high up the decision-making ladder. The motor industry, with the growing presence of Japanese car makers, has a similar profile.

However, mechanical engineering has its own problems. Some of the biggest name manufacturers have factory facilities which range from the not too bad to the distinctly gruesome and squalid and, in some companies, starting pay for graduates is at the low end - below £9,500.

Many companies have well-respected career development structures. These include Ford, Pilkington, Shell and most of the big-name electronics groups. In electronics companies, six monthly salary reviews are commonplace.

In heavy engineering, NEI has a well-respected two-year



Even in modern times, many manufacturing companies don't know how best to deploy their talented engineers



Perkins operates largely as a British company

graduate development programme with three to six month career appraisals. However, many big name employers complain about their graduate retention rates. In very large groups like the General Electric Co and British Aerospace (which looks to recruit about 950 graduates a year), career progression, levels of responsibility and general working "atmospheres" will vary from business division to business division and even from site to site.

Some companies which seem to struggle over how best to use electronic engineering

graduates - the British Broadcasting Corporation is often mentioned in this vein - have a name carrying such weight that they are useful staging posts for new graduates.

Although there is a broad average for starting pay for engineering graduates in manufacturing, there are variations. Some electronics companies pay above £11,000 for people with special skills. In petrochemicals, starting pay might be around £12,000. In London-based consultancies, the best graduates might start on as much as £16,000 to £17,000.

For a graduate starting out at about £10,000, reaching £12,000 should take no more than a couple of years. Graduates with several years service, but with little or no extra responsibility other than design work and problem solving, could be on about £16,000. Salaries for senior design engineers stretch up to about £19,000 - or up to £21,000 in non-manufacturing organisations like the water authorities. Engineers that become section heads in manufacturing companies might attain about £20,000 to £25,000 or a little higher with more managerial responsibility.

It is probably the aim of most graduates to go into senior management, perhaps via marketing or, in some cases, through the financial control side of the business after extra training. The most able people in some companies might attain the position of department head - director of marketing, head of research - in their 30s or early 40s, with salaries usually between £30,000 and £40,000. Many engineers, of course, will never reach this level. This is still below the £45,000 or so that would be earned by a project manager at a consultancy.

Nick Garnett

The buzz of the big machine

"Some engineers like big machines," says Geoff Mason, head of research at the Engineering Industry Training Board. "They like the power of them and they like the feeling of seeing metal being cut. It gives them a lift."

That is one reason why graduate engineers go into mechanical engineering. Another is that most of the big mechanical engineering companies operating in the UK are British-owned. Unlike part of the electronics and motor industries, there is no block on advancement for British nationals from a foreign headquarters thousands of miles away.

A third positive feature of this shrunken, but still large industrial sector is that some British companies remain big-name volume producers or are well-respected niche suppliers, maintaining their own design and product development capability.

Whether it is Weir in pumps, APV in food machinery, Davy in process plant design or a smaller private company like JC Bamford in construction machinery, technology and design remain British

usually North American - ownership, engineering is largely a UK affair. This applies, for example, to the North American farm tractor-makers which have centred much of their worldwide production in the UK, and companies such as Perkins, the diesel-engine maker the parent of which is Canadian but which operates largely as a British company.

In mechanical engineering, though, there is a downside and it is a very deep downside indeed. Many mechanical engineering companies own shamefully-neglected factories. Some are dominated through and through with old style production thinking which is put into practice on antique equipment. Some companies have little or no future.

Starting pay for graduates can also be on the low side at around £9,500 or less, though many companies pay more than this. A lot of companies have only a rudimentary structure for training graduates.

The onus is on the graduate to do the research which will tell him or her as much as possible about the nature and performance of the company holding the interview.

Perkins is an example of a medium-sized company which has a defined policy for graduate development. The Peterborough-based company takes about 20 graduates a year.

"It is difficult getting people of the right quality, though quantity is not a problem," says Martin Fisher, head of personnel. "This is not so much academic qualifications but other things like initiative and presence."

Starting salary this year is £10,500. Some graduates become directors within 10 years, while others are still doing "soldier's jobs" as engineers, though the company is quick to stress that this is in no way seen as a failure.

Some will go on to work in North America or continental Europe though most will remain in the UK.

Recruitment fairs have become much more important to Perkins, at the cost of the Milk Round, and Martin Fisher says he would like to recruit more women.

So would Tom Bradbury, group personnel executive for Davy, the design engineering and process plant supplier. "We are not really geared to employing women at the moment but we are very keen to increase the number of women graduates we take," he says.

Davy finds the best way of recruiting people is through sponsorship. Recruitment is done through its separate operating companies with a two-year programme aimed at giving them chartered status. Starting salary is £9,500 and the retention rate is described as "fairly good".

Northern Engineering Industries, the power station equipment and general engineering group has a respected graduate training programme. It takes about 70 to 80 graduates a year, the offers coming from its separate trading companies. Training is based on what Derrick Reding, NEI's director of personnel calls a "carousel".

This involves moving a graduate through all departments of a company to a planned programme, with three to six month

within the group.

NEI is also introducing a new element in which graduates will go for three months to a trading company other than that which has done the recruiting. The group already runs scholarship schemes.

NEI has both large companies and business units of about 150 people and, therefore, it says, can offer good graduates the chance of very different types of responsibility. Contract managers and production managers earn £20,000 to £25,000 in NEI companies, personnel managers up to £30,000.

However, many British companies do not recognise this. Their production thinking remains dated, their facilities poor. In some companies, the men in charge of engineering and production are traditionalists who feel threatened by younger people with skills and concepts that are relatively new.

The onus, therefore, is on the graduate to find out about the company. What kind of production technology does it have? What is the commitment at board level to updating production? Who are the people in charge and what kind of production culture do they share?

Entering a company which is just embarking on its own production revolution can be an exciting opportunity. But is the company going to commit the funding to introduce computer-controlled machine tool cells, advanced materials handling, computer aided design?

Much has changed in UK engineering and many companies now think hard about how shop-floors should be organised and tied in to the rest of the business.

Electronics companies and the volume car makers have been in the lead here. But, even in these sectors, the graduate needs to be aware of pitfalls. Production thinking at Ford, for example, is different in detail to that at Rover, while the future of some British-based electronics operations might involve less manufacturing than they do now.

In mechanical engineering, there are some outstanding examples of modern production plant, along with the dross. Lucas, for example, has some factories which have borrowed heavily from Japanese production thinking and there is a forceful culture there based on efficient flows of work.

In more traditional "heavier" product areas, where fancy production technologies might be less in evidence, some British factories are of a high calibre. This applies to the turbine generator factories of both the General Electric Company and Northern Engineering Industries.

For companies looking for graduate manufacturing systems engineers, it is a highly competitive market in which the graduate has the upper hand.

"This can be seen by looking at the students on the manufacturing systems course at Brunel University. This year 35 graduated from that course, including 11 women. "These are street-wise, hungry, multi-disciplined people," says Alan Pearce, senior lecturer in the department. "They are grabbed by companies."

One sticky issue, as Pearce readily admits, is that though 70 or so manufacturing companies sponsor the course, the best graduates get offered a lot more money to go into consultancies. As in the rest of engineering, manufacturers might offer around £10,000 to £11,000 but consultancies offer around £16,000.

British manufacturers are likely to face increasing competition for graduates from continental European companies. Companies like Bosch, MBB and Daimler-Benz either sponsor or are looking to recruit from courses like



Unlike NEI, Hawker Siddeley does not have a formal structure for graduate training. This is largely left to individual companies in the group to sort out, though this could be about to change.

Hawker has a strong engineering culture with some 3,500 professional engineers and engineering graduates in its workforce. A substantial proportion of the 60 to 100 graduates it takes on every year (average starting salary about £10,000) are engineers.

A new chief executive at the group has promised a long-term restructuring of Hawker so things there could be a little more exciting now, though possibly more unsettling as well.

As a Glasgow-based company, Weir does a lot of its graduate recruiting in Scotland. It took on 16 graduates this year and has a fairly elaborate training programme in the early years of a graduate's life at the company. Starting salaries this year were £9,700 to £10,120.

NG

Shake-out on the shop-floor

Manufacturing systems engineering - what used to be called production engineering - is now leading developments in lowering manufacturing costs, raising quality and linking design

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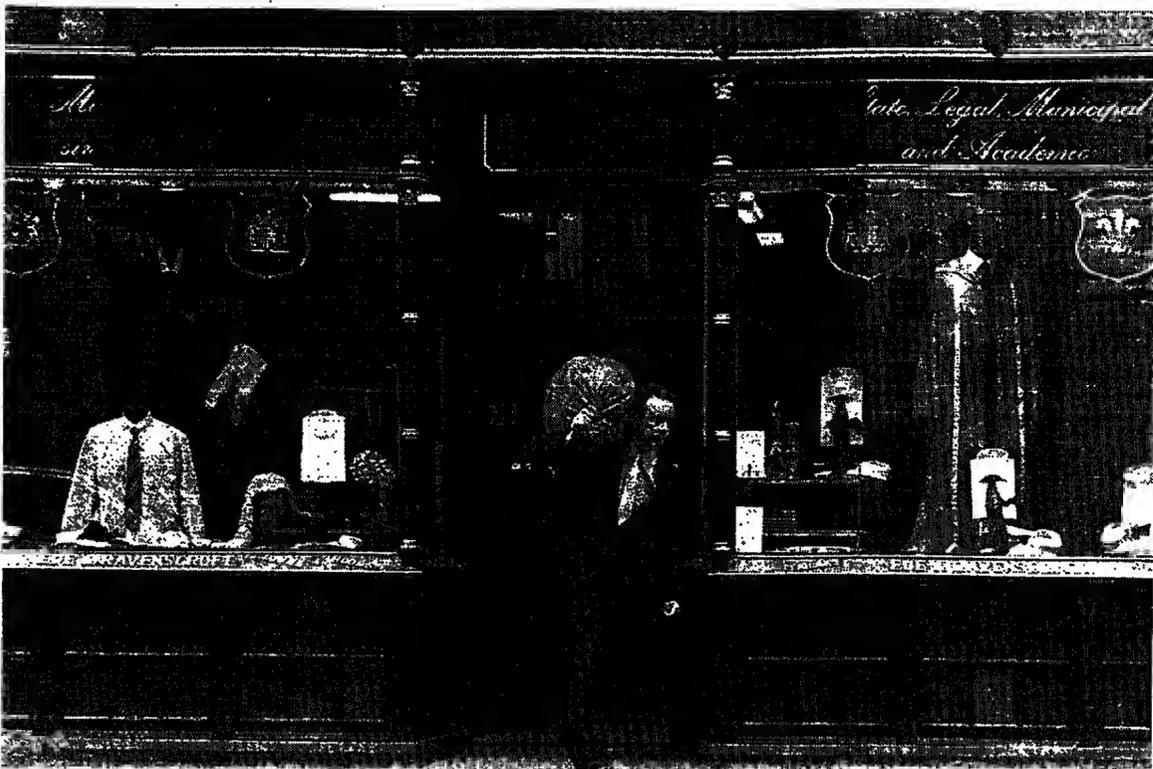
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Stop that man! He's making off with all the costumes

Bar now committed to funding all pupils

Law graduates opting for the Bar go through a year's vocational course - revised this year to make it more practice-orientated - at the Inns of Court School of Law. It covers such matters as advocacy, drafting documents, case preparation, advising and negotiating.

That is followed by a year's pupillage: six months at the side of a practising barrister and six months of "on the job" training conducting cases in the courts.

The scenario for non-law graduates is similar, the only difference being that they are required to take a 12-month diploma course before embarking on the vocational course.

The next stage after pupillage is to find a seat, or tenancy, in chambers. There are about 234 sets of chambers in London and 131 in the provinces. It remains the case that the number of pupils seeking tenancies exceeds the number of vacancies, which can make it difficult for new entrants to establish themselves.

However, changes are on the way which will make things considerably easier - principally the establishment in England and Wales of the Bar Library system that already operates in Edinburgh and Belfast.

The essence of the system is that barristers work in a law library, or at home, backed up by administrative and office facilities based on the library. In general, new barristers

cannot hope for an initial income comparable to that of a solicitor's articled clerk, although there is an increasing recognition, particularly in the major commercial chambers, that it is necessary to offer competitive financial inducements if the best graduates are not to be lured into the big City law and accountancy firms.

The Bar is now committed to funding all pupils. The amount has not yet been decided upon but the minimum will be not less than £5,000 to £7,000. That sum will, in many cases, be topped up by individual chambers.

Income from practice during pupillage varies greatly. In some common law chambers in London the figure could be more than £2,500 for the second six months, with a considerably higher figure in major criminal chambers. In provincial chambers receipts range between £3,000 and £4,000.

RH

Further information: Chambers Pupillage and Awards, booklet published by the Bar Council.

Pay for lawyers in industry catches up

The concept of lawyers working in commerce and industry is relatively new in this country. Just 25 years ago it was almost unheard of. Now there are over 4,000 in-house lawyers and virtually every major commercial organisation employs them. Demand is increasing all the time.

According to Colin Garrett, senior legal adviser with Investors in Industry (SI) and chairman of the Law Society's Commerce and Industry Group, competition for law graduates and newly-qualified lawyers is so intense that commerce and industry in general have to pay the same levels as private practice.

Until 1987 the salaries of lawyers employed in business lagged behind those in private practice. But during 1988 salaries of lawyers in industry began to rise at the same rate.

The pattern has remained the same in 1989. So graduates hoping to do articles in industry can expect starting salaries of anywhere between £12,000 and £16,000, depending on the sector of industry and geographical location.

Salaries of qualified legal assistants in industry will vary on age, ability, whether they are the sole legal assistant or whether they are head of a small team and so on. Large City law firms appear to be prepared to pay up to £29,000 for the best newly-qualified solicitors. It is doubtful that commerce and industry can match this, except in sectors like banking. Legal assistants between the ages of 25 and 30 can, however, expect average salaries of about £24,000 and, with company cars and other perks, total remuneration packages of about £39,000.

Training for new graduates entering industry as lawyers tends to be patchy. Barristers contemplating a career at the employed bar are advised by their Associations to undertake a full 12 months pupillage (practical training for barristers) in private practice before entering industry.

There are some opportunities for the second six months of pupillage to be taken with a pupil master who is an employed barrister, but these tend to be in government or local government or the

courts service. The Crown Prosecution Service, for example, will offer a varied article clerk and pupil barrister package from 1990.

The availability of articles for those graduates wanting to become solicitors in industry depends very much on the industry itself and the size of its legal department.

Articles (practical training for solicitors) in industry are strictly governed by Law Society rules on training of solicitors. The company must be able to provide practical on-the-job training in at least three out of a list of subjects during two years of articles, the most common being company and commercial law, conveyancing and tax.

Many companies cannot cover more than two properly and so have to enter into sandwich arrangements with firms of solicitors.

Graduate entrants in industry will assume a much greater degree of responsibility sooner than their counterparts in private practice. Promotion prospects are generally very good, provided they are prepared to move around. In the smaller companies, with only one or two lawyers, promotion still tends to be by dead men's shoes.

In the larger companies there is a tendency for people in their early 30s either to leave industry and return to private practice or to move to a more senior position in a smaller company.

Despite the fact that there are still very few women in senior positions in company legal departments, both Colin Garrett and Kamlesh Bahl, last year's chairman of the Commerce and Industry Group, maintain that the prospects for women lawyers in commerce and industry are generally better than in private practice. Industry is more flexible in its approach to issues such as maternity leave and career breaks.

This contrasts with the findings of the 1988 Chambers Salary Survey of lawyers in industry which commented that male lawyers in industry tend to earn about 12 per cent more than their female colleagues of similar age and status. The survey also showed that women constitute only about 18 per cent of lawyers in the legal assistant category, falling to 6 per cent in the more senior legal adviser category.

Some companies offer their lawyers international experience, although not initially. The opportunity to travel or work abroad will depend very much on the organisation concerned and whether it has overseas clients, offices or business interests.

Company law departments do not generally go on the Milk Round. They tend to make their existence known through university and polytechnic careers officers and to advertise for people as they need them.

Robert Rice

Further information: Law Society Commerce and Industry Group, Law Society, 113 Chancery Lane, London WC2A 1PL. Bar Association for Commerce, Finance and Industry, Secretary, Mr Norman Wimpey, 2 Plowden Buildings, Middle Temple.

LOCAL GOVERNMENT

Variety of cultures within the club

This year, for the first time in a decade, a large group of councils has got together to promote their virtues as employers on the college Milk Round circuit.

This initiative has been prompted by concern about growing skills shortages; but it also reflects the increased opportunities that are opening up for graduates in local authorities.

In recent years councils have tended to adopt a stand-offish approach to degree holders. This has partly been because many believe that, as equal

opportunities employers, they should be recruiting from all parts of society, rather than from just among white, middle class males - the most numerous graduates.

The growing complexity of local government work and the decline in the number of young people is forcing a rethink. One result is a decision by Metra, a newly-formed recruitment agency put together by half of Britain's 60 metropolitan authorities, to promote local authority work in universities and polytechnics.

Another is the establishment by councils like Wigan and Solihull of graduate entry schemes which will provide a general training in various departments for participants. Local authorities have always trained graduates straight from college but usually only for specific careers in fields such as law, accountancy and information technology.

Perhaps the greatest problem authorities face in recruiting graduates is that, during the last decade, the government's squeeze on public sector finances has weakened the morale of council workers, decreased their status and hit salaries.

Although the pay of white collar staff and other council workers has kept ahead of inflation in the past 10 years, it has lagged behind the increase in average earnings of British workers as a whole. The Government's decision to restrict the level of the rise in the rate support grant to 3.8 per cent next year means the trend may continue.

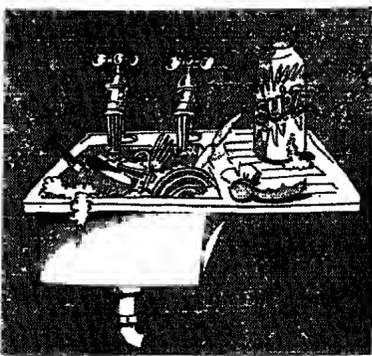
For all that, the pay is by no means paltry. A typical starting salary for a graduate outside London is likely to be about £9,500 and those in the capital can expect about £10,000. Qualified specialist workers will attract higher rewards.

Those with the talent and ambition to reach the top in local government can expect to earn the equivalent, in years ahead, of more than £60,000. The national agreement for Britain's 450 council chief executives allows for a maximum salary of £58,977, although this can be supplemented with various perks, such as cars, and allowances.

These levels of pay compare unfavourably with the salaries of people who reach the top in industry and finance, both at the top and bottom. But councils can score over rival employers through the training they provide, conditions of service and the variety of jobs they can offer.

One of the more imaginative Metra posters shows a picture of what appears to be a military dictator underneath

The only thing we don't offer working women.



Working, that is, when you have to get back to work and you can't give up the things and support you're relying on. It's not just a matter of getting back to work, it's a matter of getting back to work in a way that makes a difference. It's a matter of getting back to work in a way that makes a difference. It's a matter of getting back to work in a way that makes a difference.

METROPOLITAN AUTHORITIES RECRUITMENT AGENCY

Councils are trying to attract women back to work

the slogan: "One year out of university, and you could be handling a budget the size of a small country's." It then boasts of thousands of jobs in councils for graduates, from architecture to advertising and from green belt management to the arts.

The variety is also apparent within each district. According to Stephen Bubb, an assistant secretary in personnel at the Association of Metropolitan Authorities, many people are drawn to qualify as lawyers, information technology specialists and accountants in local authorities because of the range of training they receive. "In law, for example, our legal departments deal with litigation, conveyancing, contracts and setting up companies. Private practices tend to specialise in one area."

Choice is also increased by the number of employers. "We are all in the same club," says Michael Pepper, chief personnel officer at Solihull. "But each of us is different socially, politically and culturally."

The relative ease with which employers can transfer from one authority to another is a considerable attraction, particularly at a time when more people are in relationships in which people want to work. Job mobility makes joining a partner in a different area easier following his or her transfer.

Couples with children can benefit further from working for local authorities through the enlightened attitudes of councils towards equal opportunities. These policies still have a long way to go before they produce genuine equality; there are only a handful of female chief executives in councils. None the less, the results are beginning to show.

Negative aspects of working for local government include the necessity of having to fit in with large bureaucracies and sometimes dealing with internal politicking. Jane, a 28-year-old information technology worker for a London council, who wants to remain anonymous, has decided to look for a job in the private sector because in-fighting between departments and lack of co-ordination from the top means that many of the projects she has worked on have been abandoned before completion.

She will leave reluctantly. "In different circumstances I would much prefer to work in the public sector, serving the community, than making money for a bunch of shareholders."

Michael Smith

Further information: Metra, PO Box 1540, Homer Road, Solihull, West Midlands, B91 3QB.

ALSO SEE SOCIAL WORK



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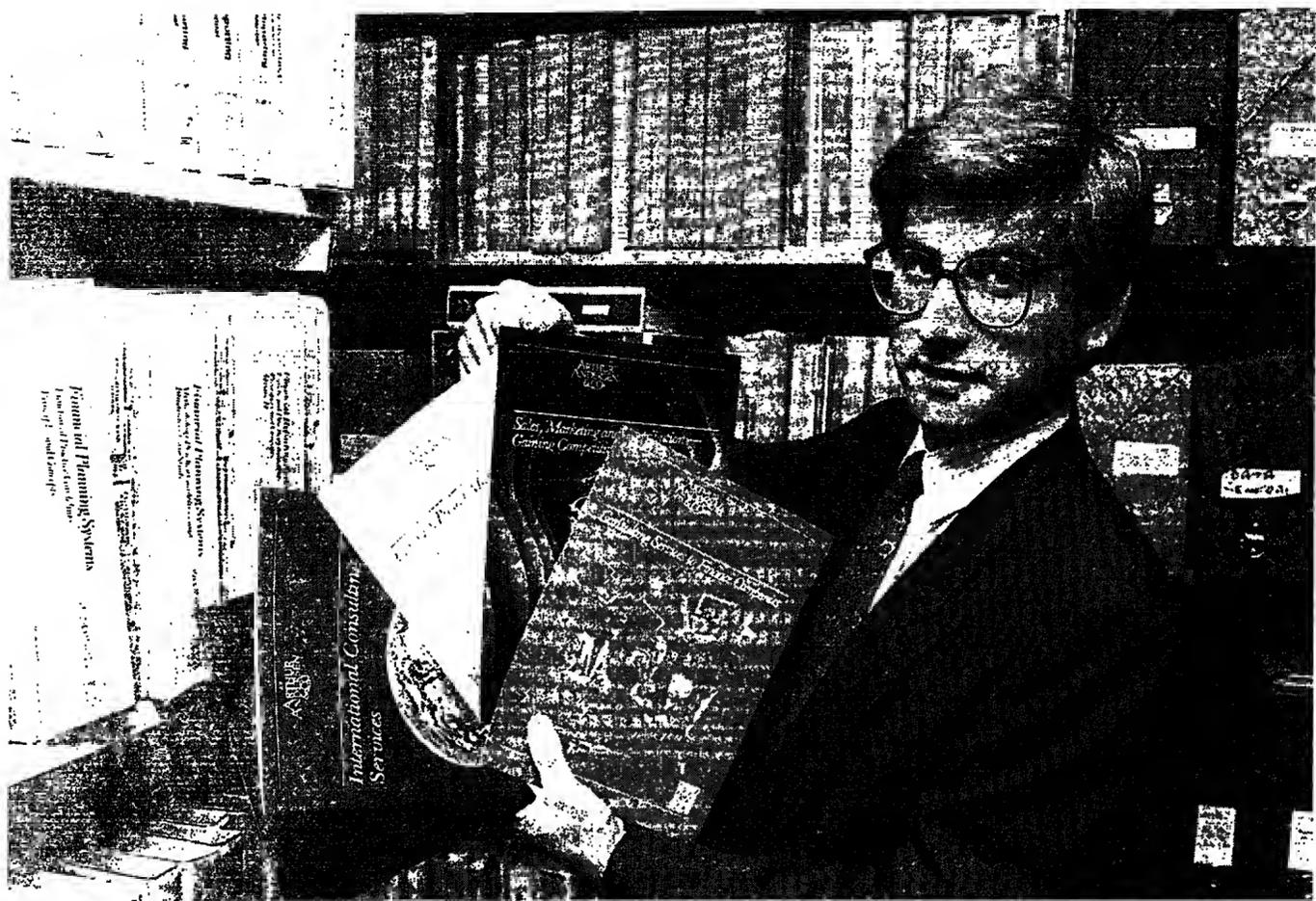
10% of graduate starting salaries. More importantly, you know you are a vital part of your country's defence. Soon, instead of reading history, you might be helping to steer its course.

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Form with fields for Name, Address, Postcode, Date of birth, Nationality, and a section for Army Officer details. Includes the Army Officer logo.



'It's bad enough having those solicitors in court without having to listen to them'



Simon Wheelton, a computer science graduate from Bristol University, works for Andersen Consulting. He has been there for a year, advising clients on information technology

MANAGEMENT CONSULTANCY
MARKETING
MOTOR INDUSTRY
MUSEUMS

MANAGEMENT CONSULTANCY

Not for shy and retiring types

There are times when Diana Harding can see that her clients do not believe what she says. They, after all, are experienced managers. Harding, who works for McKinsey, one of world's leading management consultants, has never managed anyone. She graduated from Oxford in 1988. In a year or so she hopes to go off and get some management experience in industry. Then she will go to business school, before returning to consulting. Management experience is crucial, she believes. Without it management consultants lack credibility. It is a question that any

graduate thinking of going into management consultancy needs to consider. Should you attempt to become a consultant as soon as you graduate, or should you go off and do something else first? Boh Simm, a staff partner at the management consultants Peat Marwick McLintock, has no doubts. His firm will recruit 250 people in the London area next year. Only 12 will be graduates. "We take the view that to be credible with a client you need half a dozen years in management yourself," he says. Yet management consultants do hire graduates. Price Waterhouse will recruit 150 graduates in 1990. Andersen Consulting, part of Arthur Andersen, will take on 265. Some consultants, clearly, think that graduates have a lot to contribute. And graduates like the idea of becoming consultants. McKinsey takes about 15 graduates a year. It receives 1,000 applications. To many finishing university, consultancy offers a wider range of opportunities than management training courses in industry. Although Diana Harding would like to get some

management experience, she thinks her two year initial training period with McKinsey is more stimulating than an initial job in industry would have been. Management consulting firms can be divided into two major groups. There are the strategy consultants, like McKinsey, the Boston Consulting Group and Bain. They tend to work with the top management of client companies, helping them to plan their future strategies. They all take on graduates and provide them with a couple of years of training. Many who join them then go on to business school to do a Master of Business Administration. Harvard and Stanford business schools in the US and Insead in France are popular destinations for consultants from these firms. Many return to more senior consulting jobs. The second group of consulting firms is made up of those attached to the large accountancy-based outfits. They take on graduates to be information technology consultants - helping companies design their computer systems. Coopers and Lybrand also takes on graduates to work in other areas, like personnel. If it is computers you are interested in, one of the accountancy-based firms will probably be your best bet. If you enjoy a competitive environment, filled with exceptionally bright people, the strategy firms would probably suit you better. You will find stimulating colleagues in the accountancy-based firms but, in general, consultants in the strategy firms are more interesting and, probably, more arrogant. Whichever type of firm you join, management consultancy is not for the shy and retiring. You will be advising businessmen and women and helping them to solve their problems. You will be expected to make presentations to them and explain what you think they should do. Speaking in public is the sort of activity one can get used to doing, and most people would be nervous on the first few occasions. But if you think getting up to talk to people is always going to terrify you, then consultancy is probably not for you. Nor should you go into consulting "if you like the idea of coming in on the same train to the same office every day and you want to know what you're going to be doing in six months time," says Noel Taylor, a partner at Price Waterhouse. If, on the other hand, you like the idea of dealing with different sorts of companies and spending a fair amount of time travelling away from home, consulting might be what you're after. The financial rewards can be high. Although the starting salary at Coopers and Lybrand is £10,000 to £12,000, this increases fairly rapidly. And the starting rate at a firm like McKinsey is £17,500. What sorts of graduates are consultants after? Some, like Coopers and Lybrand, will look at your A-level results. Others will ask you to take various aptitude tests. Almost without

graduates who have done something at university other than just pore over their books. Consultants have to deal with a large range of people and situations and consulting firms will want to see evidence that you tried to do just that while at university. David Seddon, the personnel director of Coopers and Lybrand, remembers one applicant who particularly impressed him. The applicant had organised a rag dance at university. He had, it is true, lost £5,000 in the process. But Seddon admired his spirit and offered him a job.

Michael Skapinker
Useful publications: How to Choose and Use a Management Consultant, Economist Publications, £75 (get the library or career service to buy it - contains useful descriptions of various consulting firms, as well as addresses). Managerial Consulting Skills - A Practical Guide, by Charles Margerison, Gower, £18.50.

This surge of interest in marketing careers reflects the increasing importance that British business now attaches to an activity which, to its cost, it had long neglected. It is still the giants of the fast-moving consumer goods industry that provide the best openings. In these companies the marketing culture is strongest. Brand management is regarded as a "business philosophy" rather than the name of a specialised department. But where the makers of soaps and detergents, toiletries and cosmetics, foods, drinks and confectioneries lead, more and more are following, providing a greater variety of opportunities each year. There has been an explosion in the past few years in the marketing of financial services - banks, building societies and insurance companies. Awareness of the marketing process - researching consumer needs and desires, developing products to meet them, and then effectively promoting and advertising them - is growing, too, among medium-sized and smaller companies engaged in a wide range of activities. Marketing techniques are being used by football clubs and charities, by accountants and lawyers and even by some universities. The demand for marketing expertise has spawned a fast-growing services industry: independent specialist companies supplying market research, computerised consumer databases, direct mail, telephone marketing, and sales promotion. More opportunities are now available here for graduate entrants, though they are not always well advertised. Entry to the profession

MARKETING
Consumer industry giants lead the way

Marketing, says Tom Snow, head of Oxford University's careers service, is what most graduates think they want to do. At Oxford last year they could not get all the interested students into the hall for the Milk Round presentations.



remains heavily oversubscribed and competitive. Last year some 650 graduates entered marketing; another 200 or so went into marketing services (excluding advertising and public relations). Women were in a slight majority, as they have been for a few years. The consensus among recruiters is that, at entry, women often outscore men on inter-personal skills, creativity, maturity and self-confidence. Nevertheless, a Marketing magazine survey recently found that few women still make it to the top levels of the profession, but concluded that it is probably just a matter of time before that situation changes. Most of the major marketing companies do the rounds of the universities and leading polytechnics. In general, they recruit graduates from any discipline, though in some fields such as pharmaceuticals, chemicals, or engineering and high technology, a good class degree in a relevant subject may be required. In services such as market research, computer literacy and an ability to handle statistics are important. A foreign language is increasingly seen as an asset. There appears, too, to be a preference in medium-sized and smaller companies, with less structured training programmes, for graduates who have taken high-level business-related degrees. But more of these companies are now making use of the training courses provided by the Chartered Institute of Marketing. The highest consumer marketing companies are essentially looking for graduates with the potential for top management. For a company such as Procter & Gamble - the world's biggest advertiser - which fills all its senior posts from within, the road for the graduate entrant is open to the boardroom. The company, therefore, is looking for graduates who, apart from academic achievement, have also made a major contribution to everything else in which they have been involved at university; people who "relish responsibility, delight in winning". A premium is put on good communication skills, analytical ability, and innovative, imaginative

rosy in areas concerned with marketing and the administration of sales companies than with manufacturing or the development of new products. The situation today is rather different: improved productivity, changed industrial relations attitudes and, it must be said, pay rates which are low in relation to most other European countries have recently made the UK the favourite place for Japanese car makers to set up manufacturing plants in Europe. Continental motor component makers, anxious both to escape the high costs of manufacturing in countries like West Germany and to be on hand to supply the Japanese car companies, are also now setting up shop in Britain. And, while there remains some caution among the UK-based car and component makers who endured through all the troubled upheavals of the industry's sharp decline in the 1970s, even here substantial new investment has been starting to flow. On current estimates, the industry will be making a record 2m-plus cars and more than 200,000 commercial vehicles a year by the mid- to late-1990s, creating opportunities for graduates across the work activity spectrum. One consideration which makes the industry potentially attractive to graduates of most disciplines is its sheer size. According to the Society of Motor Manufacturers and Traders, some 602,000 people are either employed directly by it or are economically dependent on it, with a further 600,000 employed by or dependent on the motor trade which distributes and services the industry products. Another consideration is its complexity - the industry subsumes every technological area from electronics through materials to computer sciences. Its current rapid "globalisation" holds out the potential for graduate high-flyers to regard the entire world as their oyster. All this is despite the "oily rag" image which Mr David Worrall, in charge of graduate recruitment programmes at Ford, acknowledges still clings to the engineering side of the industry and which, he insists, is a phenomenon now confined almost entirely to Britain. Neither the SMMT, Ford,

thinking. Starting salaries reflect these high-flying qualities - £23,000 above the average £10-11,000. But companies expect total commitment in return; it is taken for granted that you will work, with unflagging energy and be single-minded in pursuit of corporate objectives. Other interests may have to be sacrificed. After a one-day induction, the graduate entrant at P&G becomes a member of a brand management team, a brand assistant with assignments in specific areas such as packaging and promotion, but expected and encouraged to contribute to the team's overall work. Tailored to individual needs, the training programme is designed to turn the novice within three years or so into a brand manager, in charge of the total consumer marketing effort to increase a brand's market share and profitability. At that stage responsibilities include expenditures that can run into millions of pounds - and the initial training of the new generation of graduate entrants.



An oily rag image still clings to the industry

nor figures such as Prof Gareth Rhys, SMMT professor of motor industry economics at Cardiff Business School, keep precise statistics on just how many graduates the industry absorbs each year. However, as Prof Rhys points out, the extended period of growth now seemingly facing the UK industry, particularly after the creation of the single EC market in 1992, carries with it increased demand for graduates of all types at a time when demographic change is likely to leave them in increasingly short supply. This means growing competition for engineering graduates in particular over the next decade and, as those responsible for motor industry recruitment acknowledge, a sharp acceleration in financial incentives will have to occur. The industry used to be among the top payers for graduates starting out, but over the years has slid gradually down the scale. Ford's starting salary this year for a graduate with no experience, for example, is £10,596. This rises to £13,500 after 18 months of on-the-job and other training, which aims to get graduates on to Ford's first level of management after five years. Ford says that from that point on pay is too performance-related for specific pay levels to be quoted; but anecdotal evidence suggests around £17,000 for graduates reaching that first rung. Ford is fairly representative of the rest of the industry. Chris Tew, manager of professional and graduate recruitment at GKN, the automotive, defence and industrial supplies group, says that most graduates start with the company on around £10,500 a year. Again, speed of progress up GKN's ladder varies, but evidence points to £20,000-£22,000 a year for most middle-management appointees in their late 20s. The industry likes to "grow" many of its own graduates, particularly in the engineering sciences.

Philip Rawstone
ALSO SEE CONSUMER INDUSTRIES

MOTOR INDUSTRY
UK cars on the road to recovery

At the start of the 1980s, suggesting that a graduate might look to the UK motor industry for a career seemed suspiciously like encouraging someone to enlist on a sinking ship. Production had fallen to less than half of the record levels of a decade earlier and imports were booming. The outlook for graduates in the

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MUSEUMS

Directors emerging from the dark ages

In the bad old days a bright young graduate who was not quite bright enough for an academic career was often advised to enter a museum (a kind of secular monastery). Here there would be opportunities for research, for becoming an acknowledged expert in your chosen field, without having to confront the unfortunate side effects of university teaching - like students.

Those days are well and truly over. Museums are now part of the leisure industry, a major participant in the heritage culture, which, it is predicted by some observers, will overtake manufacturing as a source of national wealth.

A new museum opens in the UK every week - often admittedly on the whim of a

committed enthusiast who wants the world to share his passion for 19th century typewriters or the rolling stock of the Great Western Railway - and the prospects for employment and progress in the museum world, which now embraces more than 2,000 separate institutions, are bright.

In the past museum directors, especially of the 19 leading museums and art galleries funded by the Government, were scholars with international reputations, who had usually spent their entire careers inside the one museum.

Today they are likely to be skilled administrators, often recruited from outside the museum they currently run or even from outside the museum world itself. Their main responsibilities cover staff motivation, fund raising, dealing with interfering trustees, trying to shore up old buildings with inadequate resources, and boosting attendances, as well as the traditional role of looking after their collections. Any graduate who likes the idea of running a civilised business could give consideration to a career in museums.

The money is not good, although it has risen appreciably in recent years, and can top £10,000 from the start. But there are probably only about 100 jobs for new graduates each year in the museums sector, so competition is still intense. Many successful recruits not only have a good first degree, but also a higher academic qualification, or a diploma in museum studies, which can be achieved at the Universities of Leicester, Manchester and elsewhere.

Given the qualifications and expertise of most museum curators, they are not well paid and their salary grades are linked to totally unrelated outside scales - those of the Civil Service for nationally-funded museums; local authority rates for municipal museums (which can mean great variations in pay for museum curators doing identical work in different localities) and university scales for university museums.

Independent museums fix their own rates but since most are very small, and not commercially successful, their main attraction for an enterprising graduate is as a stepping stone to greater

things. Dr Neil Cussons, currently revolutionising the Science Museum, won his spurs directing Ironbridge, the Shropshire industrial museum. Few museum directors earn more than £30,000, although at the very top, at the British Museum and the V&A, for example, the rewards will exceed £40,000.

Traditionally, the compensation for a relatively low salary was a pleasant life style. Museum curators or keepers were, and indeed are, encouraged to undertake research in their specialist field and to publish the results. There are trips abroad to international conferences; an unpressured life style; the esteem of your peers. If a National Gallery painting was on loan for an overseas exhibition, it would be accompanied by a keeper. Now, as salaries rise, so some of these advantages are disappearing. The row over the changes in the administrative structure of the V&A is just the best publicised manifestation of innovations in many of the leading museums.

The future, for good or ill, belongs to the new breed of museum employee who welcomes the opportunity to switch jobs, both inside the museum - perhaps to the marketing office, or to exhibition planning - and to other museums. A wider battery of skills is now called for on top of academic expertise. The pyramid management structure and the division of labours at the V&A, which removes curators from sole charge of their departments, may well become the pattern among the larger museums.

Obviously such a revolution fills many museum curators with horror. The old Establishment will be helped into the new age by such bodies as the Museum Training Institute which has just been set up under Simon Roodhouse, who formerly masterminded the arts management courses at Newcastle Polytechnic.

Many of the top posts in the museums are going to successful entrepreneurs, marketing men with a track record in boosting attendances or raising money from business sponsors. It would be a pity if such entrepreneurs grabbed all the best jobs. There is plenty of room for compromise - academics becoming aware of the market would be a better final solution than marketing men taking over museums just because they seem to know what the public wants.

Fortunately the established bodies in the museum world, notably the now more muscular Museums & Galleries Commission, and the Museums Association, are well aware of the new developments and are harbingers of controlled innovation. Both will advise graduates on a career in museums and the Museums Association is about to publish a new guide, a Career in Museums, which will give potential recruits an insight into the exciting future for liberated museums.

Antony Thorncroft

Further information: Museums Association, 34 Bloomsbury Way, London WC1; Museums and Galleries Commission, 7 St James's Square, London SW1.



Mark! Are the barbarians at the gate?

OIL COMPANIES

Vital cogs in a huge machine

When joining British Petroleum or Shell employees enter organisations that are among the largest and most successful bureaucracies. Job opportunities range from a high-technology search for oil in West Africa to marketing diesel fuel or lubricants in Wales. It may even be possible to combine both these sorts of work experiences in the same company, working all over the world.

Alternatively, there are smaller specialist companies, like Castrol (owned by Burmah Oil).

Oil is no longer a high growth industry but it is so big and diverse that there are always high-growth sectors. The oil companies that recruit on campuses are mature businesses that have survived on a rollercoaster ride of oil prices. As a rule, they treat their employees well.

The surviving oil companies are well prepared to cope with unpredictable changes that are certain to affect the industry in the next decade, especially as the current international concern with the environment begins to translate into stricter laws and regulations. Adapting to this changing regulatory environment could, in fact, prove one of the more challenging aspects of working

The industry employs engineers of all stripes, chemists and others with technical backgrounds. But it also needs traders, marketers, economists, computer experts and personnel specialists. Oil is a highly technical business and the big companies have traditionally preferred to hire graduates with science and engineering backgrounds throughout the company, but this has gradually changed as the pool of technical graduates has shrunk.

The companies are now paying roughly £1,000 more a year for starting engineers. BP, Shell, and Esso pay similar salaries, ranging between £11,500 and £13,000 for graduates (plus a London allowance where appropriate). Average salaries, excluding allowances, rise to £20,000 for employees in their early 30s, and to £25,000 by 40.

All three companies like to put recruits into jobs with real responsibility practically from day one, giving just a minimum of extra training, and they are capable of pushing through promotions for the right people.

There are still, however, many differences between these three companies, which are the biggest recruiters.

Esso is the smallest employer of the three, taking about 100 graduates (BP takes 400). As the UK subsidiary of Exxon, the big US oil group, it operates almost like an independent UK-based company, offering relatively few opportunities for overseas posting. With 5,000 staff, it is smaller in the UK than Shell or BP, probably less

likes to think of itself as the most informal, easy-going of the three. It is also almost certainly the least dynamic, and some say that Exxon, as a corporation, has lost its strategic direction.

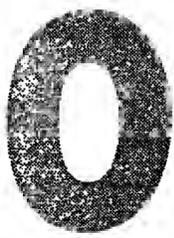
Esso hires more women, 43 per cent this year. The percentage of women hired has risen following a company programme of bringing aboard more graduates with humanities training.

Employment at Shell or BP offers far more scope for international work and some possibility of climbing to the very top of the corporate ladder. But these are very big companies. BP has 120,000 employees worldwide, and 29,000 in the UK.

Shell is spread across the globe more completely than BP and the combined Anglo-Dutch ownership and staffing has produced a corporate culture that is relatively formal.

BP, by contrast, has restructured radically in the past few years and has the feel of a company on the move, jostling with its competitors for advantage.

Many employees may eventually find that Big Oil, with its bureaucracy, ambitions, and pretensions is not an attractive environment in which to work. The thousands of smaller companies that are in or related to the oil business are staffed up with big oil company drop-outs. The experience and training gained in the big oil companies is a useful passport to employment elsewhere.



OIL

P

**PERSONNEL
PHARMACEUTICALS
POLICE
PUBLIC RELATIONS
PUBLISHING**

PERSONNEL

Dramatic to the mundane

One of the final speakers at last year's Institute of Personnel Managers conference in Harrogate summed up the position of his audience of personnel professionals this way: "Half of you probably have so many problems that you have to come to conferences like this to get away. The other half of you probably have so little to do that you have to come to conferences like this to appear busy."

Work in personnel ranges from the dramatic (handling a strike) to the mundane (managing the wages system). The unifying theme is that managers are dealing with people. This often leads to the view that a life in personnel management is an endless round of interviews, soothing chats with staff and running training programmes on inter-personal

profession last year averaged about £10,800 for a personnel assistant, the lowest job in a hierarchy which stretches to an average of £41,000 for a personnel director.

In between stand a variety of possible jobs, especially in large companies - personnel officer, section leader, section manager, departmental head and function head. The trail from the lowest rung of the ladder to the top, can take several years. Most senior personnel managers are at least 40-years-old. In some large companies, such as retailers B&Q, there are more than 100 personnel staff.

Over the past decade personnel has become increasingly professionalised, mainly through the Institute of Personnel Management's system of qualifications which is typically embarked upon by graduates after they have got a job in personnel.

The basic qualification the Institute offers is the Certificate in Personnel Practice. Its syllabus gives a fair guide to what the aspirant personnel manager can expect. It covers industrial relations, manpower planning, training and recruitment, employment legislation, interviewing skills

and polytechnics or through correspondence courses and the Open University.

The next stage on from that is Membership of the IPM, which personnel practitioners can gain after two year's experience.

Increasingly, advertisements for senior personnel managers stress the new agenda of the profession. It is no longer so concerned with industrial relations but, as one recent advertisement for a water authority put it: "developing change initiatives for the 1990s".

This is the vocabulary of human resource development, as opposed to industrial relations, much of which has come from non-unionised North American companies such as IBM, the computer manufacturer.

This change of language suggests that people, skills, training, and thus personnel managers, should be at the core of a business. But is often not like that at all.

A series of recent studies have found that personnel is largely regarded as a distinct strand of management, which often merely implements decisions made by other people.

A study in a recent issue of the British Journal of Industrial Relations of nine of Britain's largest companies concluded: "There is scant evidence to show that employee relations is considered strategic management." Personnel managers' representation on boards of companies is declining, according to the report.

A survey of 100 employers by the British Institute of Management went further. In most companies the distinct tasks of the personnel manager were being redistributed within management more generally, with chief executives taking strategic personnel decisions and line managers taking care of much of the routine work.

Charles Leadbeater

Further information: Institute of Personnel Management, 35 Camp Road, London SW19. For job advertisements see the Institute's magazine, Personnel Management, as well as Personnel Today.



Personnel work is not all soothing chats with staff

communications. But it would be wrong to think that personnel management is a soft, woolly option. Dealing with people can be tough if you are making them redundant. It can be extremely testing if you are seeking to persuade them to change radically how they work.

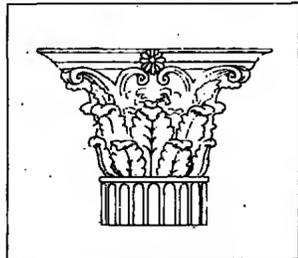
The starting salary for graduates entering the

and instructional techniques, as well as the more drab aspects of personnel work - wage and salary administration and personnel records.

The other main qualification, increasingly asked for in senior personnel jobs, is a graduateship of the Institute. This is a two-stage programme which can be followed either full-time at various colleges

What have an ancient Greek principle, a 20th century magnate and a £1.9 billion business got to do with your management ambitions?

The principle is democracy. The magnate is John Spedan Lewis and the business is the one founded by his father - John Lewis. In 1929, thanks to Spedan Lewis, the business became a 'Partnership' belonging entirely to its staff who have a 'say' and a share in its success.



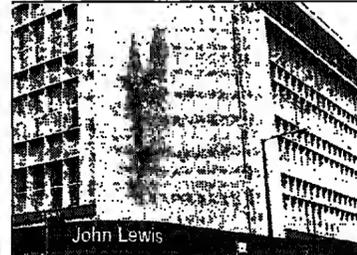
The visible result of this unique industrial democracy is a powerful and highly sophisticated £1.9 billion turnover retail business with 23 department stores and 85 Waitrose food shops. Graduate recruitment has been a feature of the business since the 1920's. The



degree discipline has never been important. Today the need for men and women of character, discernment and

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JOHN LEWIS PARTNERSHIP

PHARMACEUTICALS

Reluctance to get involved with drugs

The poor image many university scientists have of industry is graphically underscored by the difficulties Britain's pharmaceutical companies are experiencing in employing graduates for research and development jobs.

The industry is one of Britain's largest and most successful science-based businesses and spends about £700m a year on R&D, some 15 per cent of its total output. It employs 15,000 people in R&D, roughly half of them scientists and, out of the 750 or so graduates it will be aiming to employ next year, some two-thirds of them will be for scientific jobs.

The drugs business in the UK consists mainly of big British-owned companies including Glaxo, Wellcome, Beecham and Imperial Chemical Industries, together with non-UK groups such as Merck of the US and Ciba-Geigy of Switzerland.

The business expects to experience some problems in getting enough good people for the non-research jobs in

business is commercially very healthy; it has an annual output in Britain of about £4bn and has a healthy trade balance. But many outsiders associate the drugs industry with sharp selling practices and profiteering from illness.

The industry dismisses these notions as ludicrous given drugs companies' role in prolonging or improving life through products ranging from heart medications to formulations for coughs and colds.

Another factor is the belief that much research work in the pharmaceutical business is intellectually unexciting and driven by the need to work in large teams in which innovative skills are submerged.

Companies are increasingly realising they will have to work harder to attract good people into their industry and are stepping up their marketing efforts for graduates. They are also brushing up on how they present themselves to the outside world in order to project a more positive image.

Some of the general themes which are emerging are:

- Improved training programmes. Glaxo is organising integrated courses for the 100 or so graduates it takes in each year for non-research jobs. These give the employee an all round perception of the company, especially its overseas activities - an area where

European educational institutions and put them through a trans-European training course for marketing disciplines. The new scheme, so Wellcome hopes, will enable the company to break into the European market for graduates and, at the same time, put it in a better position to treat the whole of western Europe as a single marketing entity after the elimination of trade barriers post-1992.

Peter Marsh

Further information: Chemical Industries Association, King Buildings, Smith Square, London SW1.

POLICE

Satisfying beat for the boys and girls in blue

As Zaphod Beeblebrox once pointed out to Ford Prefect, it isn't easy being a cop.

But then as Superintendent Richard Buller also once said, it's the challenge of a policeman's job that makes it so attractive.

"We tend to highlight the difficulties of being a police officer," explains Supt Buller, who is the graduate liaison officer for the Inspectorate of Constabulary. "That puts off casual applicants who might be wasting their time and ours, but does encourage the sort of candidate we want."

A police officer does not join the force for an easy life, he explains. Hours can be long, telephones can ring at 3am, and working outside in the cold for extended periods can be less than congenial.

That view is confirmed by Sgt 511 John Millar, who joined the Northamptonshire Police in 1984 as part of the accelerated graduate entry scheme.

"When I started, I thought I had a fairly realistic view of the world," he says. "I had no idea how naive I was. My preconceptions of what people were like was based on my circle of friends and acquaintances. Once I had started, I was privileged - if that is the right word - to see society in a different light."

Sgt Millar says he was shocked - and still is - by what he has to cope with. He has dealt with domestic violence, child abuse and crimes on elderly people, as well as hostility to authority. "It's difficult to explain," he says. "The police are accused of being hard and cynical. But it's easy to start treating people with suspicion and caution, instead of expecting them to behave rationally."

But, despite the negative side, policing has considerable attractions, says Supt Buller. Those attractions, he believes, account for the remarkable retention rate for graduate trainees.

Of the 425 people accepted for the accelerated promotion scheme over the last 21 years, only 28.5 per cent are no longer in the force. In some industrial sectors it takes only two years for companies to lose half their intake.

Competition to get on to the scheme is fierce. Last year there were 916 applicants (a third of them women) for only 25 places. The selection procedure is rigorous, and Supt Buller says that candidates need to be capable and mature. About 50 per cent of successful



A police officer does not join the force for an easy life



candidates are not new graduates but people who are looking for a career change.

The starting salary for graduates under 22 outside London is £8,352, though there is the possibility of overtime or a rent allowance ranging from £2,080 to £4,185.

"The greatest attraction of policing is not the money, but the job satisfaction," says John Millar. "Every day is a challenge. There isn't a single day I haven't enjoyed."

Sgt Millar adds that when he finishes work he feels that he has made a contribution to society. He explains that he identifies with the victims of crimes. That can mean long hours. He has started work investigating a rape at 10pm one evening and not gone home until 5pm the next. He says that it can be difficult to let go.

One attraction of the accelerated entry scheme is

as investor relations, employee communications, government affairs, community relations, environmental policy, and crisis management.

In most large consultancies, consumer marketing is being divided into sectors, with separate teams handling food and nutrition, travel and leisure, health care and medications.

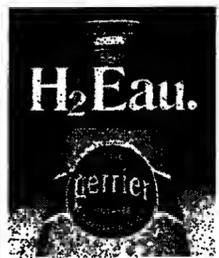
The industry is expanding fast, and becoming increasingly international in outlook.

These changes over the past few years, have led to a rapid growth in its demand for graduates; and a similar heightening of interest on campus in public relations careers.

The number recruited direct from universities by the top PR companies is still relatively small, however, and the competition is hot. Charles Barker this year had 250 applications for four jobs; Valin Pollen, 350 contenders for three openings.

Even the larger PR companies usually visit only a few universities, and do not circulate all with their vacancies; but they will consider applications from any of them.

The class of degree is



The byword is Perrier

perhaps more important than the subject; though a corporate and financial specialist, such as Valin Pollen, tends to favour graduates with qualifications in economics or business studies, or with a clearly demonstrable interest in that field.

"We are looking for people with the kind of intellect that can deal with a multiplicity of projects quickly, wittily, and simultaneously," says David Roberts, VP's executive director responsible for training and resources.

But that has to be allied, of course, with an ability to communicate and relate to people at all levels, and with an aptitude for teamwork. Public relations is no place for the shy and the tongue-tied, or for the idealistic and sensitive. Weathering the demands of some clients and the querulous scepticism of journalists requires a fairly thick skin.

Most companies are looking for graduates involved in a lot of extra-curricular activity - writing for the university newspaper or magazine, taking

society. Valin Pollen takes a close interest in the sort of holiday jobs that its applicants have done.

It takes a flair for communication and self-projection; a demonstration of confidence, originality and imagination in the first contact with a consultancy - either in the letter of application or the initial written exercises that are sometimes set - even to reach the interview stage. Then the going really gets tough.

After the interviews, the short-listed are put through a gruelling series of tests. Charles Barker begins with group discussions and exercises in writing press releases, progresses through initiative tests, and ends with crisis management games.

Those who come through find themselves with a job, worth £10-11,000 a year - and a rigorous fast-track training programme. At Valin Pollen, a three-week induction course 'jet propels the entrant from

the cloistered atmosphere of university into the realities of the commercial world."

After that introduction to the services the agency provides, and its commercial relationship with clients, the trainee is attached to an account team, learning how it develops advertising and media plans, and how it uses the design and production departments.

As soon as possible, the trainee is given increasing responsibility for specific clients, becoming involved in project planning and presentations, and emerges after a year or so as a fully-fledged account executive.

From then on, ability dictates how fast the promotion ladder is climbed; but graduates can expect to double or even treble their starting salaries within five years; and the larger companies provide continuing training to improve performance and skills.

Philip Rawstone

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PUBLIC RELATIONS

Growing up to be more specialist

Public relations has taken a long time to shake off its image of an industry staffed by smooth-talking young men and gushing young women dispensing gin-and-tonic and half truths. But it is growing up - Perrier water and professionalism are the new bywords.

Greater specialisation has increased the effectiveness - and acceptance - of public relations as an integral part of corporate and marketing management. Corporate PR now covers

Paul Abrahams

Handwritten text at the bottom of the page: "بسم الله الرحمن الرحيم"

PUBLISHING

New leaf means greater emphasis on profit

New graduates who look towards publishing as a possible escape from the harsh realities of the commercial world, and imagine themselves taking tea with famous authors, had better forget it. If they're very lucky and get any sort of job in publishing at all, they are more likely to find themselves checking a pile of proofs and correcting the punctuation of famous authors, rather than meeting them.

And anyone seeking the quiet civilised life of the bibliophile might find themselves disappointed by the modern publishing industry. A series of huge international mergers have, in the past few years, transformed the industry, increased competitive pressures, placed more emphasis on profit margins and elevated marketing, promotion and sales to a more central role, alongside the once all-powerful commissioning editors.

As Astron Appointments, publishing industry recruitment specialists, put it earlier this year, a high proportion of publishing people are now controlled by large international companies such as Pearson (publishers of the Financial Times), Maxwell, Thompson, Reed or News International.

"Many publishing people are unhappy about this trend, which they feel leads to

increasing depersonalisation and control by number-crunchers who are not book people. The bottom line, it appears, is now all that counts to the big battalions," Astron argued.

However fast the publishing industry is changing, it still seems enormously attractive to large numbers of well-qualified arts graduates - particularly women, who constitute a majority in many sectors of the industry, outside of the boardroom.

John Broom, personnel director of Penguin Books, tells of the time Penguin advertised for a copy editor and got more than 800 applications.

With publishers almost spoiled for choice, salaries have tended to stay relatively low. Starting salaries for new graduates range from about £9,000 to £11,500, although within five years this could grow to more than £20,000. The real high-flyers could look forward to salaries of

£40,000-£50,000 at managing director level.

In its graduate recruitment brochure Reed International, the international publishing group, sets out case studies of how young graduates have progressed within the group.

One is the story of Colin Blackman who joined Butterworths, the professional and scientific publishers as an assistant editor in 1979, after completing a doctorate on new technology.

"As an assistant editor you get involved with everything, even the design and production, seeing all the material through from manuscript stage to sub-editing, proof reading and the making up into an issue," says Blackman, now managing editor in charge of a number of specialist magazines aimed at the professions.

Perhaps, more typical, is the career of Niccy Cowen, now aged 26 and an English graduate from Leeds

University. When she mentioned, at her university career briefing, her interest in publishing, she was told "it was very Oxbridge-dominated and very hard to get into."

Cowen was determined and took what is a very common route into publishing for many young women - via a secretarial course. She got her first job four years ago as a secretary in the promotions department of Collins at a salary of £6,000 a year.

"It was a case of learning on the job. There was very little training," said Cowen, although she was sent on an introduction to publishing course at the Book House Training Centre, a centre funded by the publishing industry. Since then she has moved relatively quickly, including a stint as dogbody in the promotions department of Ebury Press and then working on promotion and advertising for William



Heinemann. Niccy Cowen has now been appointed the first head of press and publicity for Mandarin, the new paperback imprint. She emphasises that there is no real career track in publishing and much depends on being known to those who might help your career.

There are few formal graduate training schemes in publishing and most new entrants get their jobs by writing to companies they are interested in. The UK boasts around 3,500 publishing companies, although the vast majority employ between 1 and 10 people and about 350 companies are responsible for 80 per cent of the books published.

Students unsure of which publishers to apply to should do some market research in a good bookshop and see which publishers produce the sort of books they are interested in. For those without any previous work experience, publishers are looking for some evidence of previous commitment, such as working in a bookshop or involvement in student publishing.

A more formal approach to the publishing industry is through post-graduate courses in publishing available at places such as Watford College.

Exeter Art and Design College of Napier College in Edinburgh.

In recent years the restructuring of the industry has led to a great deal of movement between publishing houses and faster promotion for able young people. Surveys have shown that publishing is a "young" industry with an average age of 33.

The increase in power of the large publishing and media conglomerates is also being matched by the creation almost on a weekly basis of new small entrepreneurial companies.

Raymond Snoddy

For further information contact the Publishers Association, 19 Bedford Square, London WC1. You may also find the magazine The Bookseller useful for job vacancies.

R

RETAILING



Parag Bhargava (right) is assistant manager at a London branch of Dixons. He studied applied sciences at Kingston Polytechnic and joined Dixons a year ago

RETAILING

Shop around for early promotion

Anyone who has been into a shop knows something about retailing. Many people have had direct experience of working in shops, if only through Saturday jobs. So perhaps it is not surprising that the retail industry holds little mystique to graduates looking for careers.

Management careers in retailing inevitably involve some time on the shop floor, even filling shelves, and very often Saturday and evening work, too, but it is also a career which means dealing with a lot of people every day and working to meet and beat targets.

Retailing is a vital part of the economy: retail sales represent 25 per cent of gross domestic product, and the industry employs getting on for a tenth of the population.

However, the industry is currently under pressure because of the effect of high interest rates on consumer spending. A number of store companies are facing falling profits. Even so, the leading retail groups are not cutting back on recruitment. Marks and Spencer and J Sainsbury, are respectively looking for 250 and 200 graduates a year.

The expansion of large retail groups means some companies encourage graduates to take significant responsibility at a relatively young age. Where else, asks Richard Kalms, corporate affairs director of Dixons, the electrical retailer, would you find a job that in two years could lead to managing a business with a multi-million pound turnover - as a Dixons' store manager does.

Not all stores groups

promote graduates to store manager that quickly, and there is a big difference between managing a high street shop with a couple of dozen staff and a superstore with hundreds of employees. A store manager running one of the big food superstores or a major chain store or department store will be in charge of hundreds of staff, running a 34-hour a day, business with many thousands of customers, equivalent to being managing director of a factory.

Buyers have to exercise judgment on what goods the customers will want and negotiate with suppliers over prices and quantities, requiring bargaining skills.

People who work hard and have ability can reap big rewards, in terms of moving rapidly up the ladder and earning good, if not fantastic, salaries. A 30-year-old store manager at Marks and Spencer could be paid £45,000, including bonus, or more depending on the size of store.

In some groups, such as Marks and Spencer or Sainsbury, most of the senior executives are people who have worked in the company for a long time. These also have a culture which encourages staff to stick to

the tried and tested methods and treat their employees as part of the company family. Other retail groups are more willing to take on new people and allow junior staff to try out new ideas.

Although store managers must work within the guidelines set out by head office, there is scope for individual initiative to boost sales and profits. Store managers cannot look to head office when a sudden staffing problem crops up or an irate customer needs calming, though they can expect their training to have equipped them to handle such incidents.

Most of the well-known retailers offer structured training programmes which usually involve a mixture of on-the-job training, supplemented by fairly brief training courses.

Graduates have generally had enough of being taught formally, says Derek Brownson, who is in charge of training at WH Smith, the newsagent and bookseller which also owns a number of

other retail and distribution businesses. His graduates spend their first six months "at the coal face".

Similarly, Peter Samuel, director in charge of management development at Kingfisher, the group which owns Woolworth, B&Q, Comet and Superdrug, stresses "from day one you are involved - there is not a two year 'Cook's tour'".

Most retailers do not expect graduates to have a degree in any particular subject, but to demonstrate a logical and analytical mind, numeracy, an ability to get on with and motivate people, and an interest in the job. Graduates who apply to retailers may find themselves subjected to a barrage of "personality" questions. Dixons' application form, for instance, asks 55 self-description questions and another 22 work experience/employment questions.

The exception is in areas such as food or textile technology or computer science, which are of particular use in some parts of retailing,

but make up a relatively small proportion of the graduate intake.

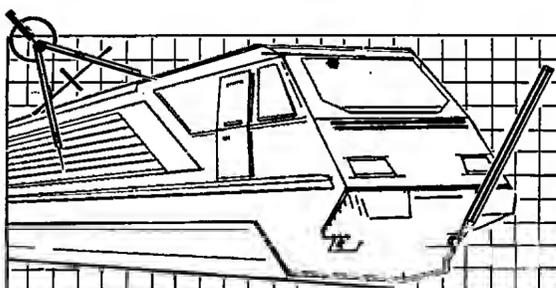
It can be the case that a degree is not needed. Paul Godwin, recruitment manager at Marks and Spencer, says that it makes unconditional job offers before finals which hold good even if the student should fail the exams.

Graduates must be prepared to move from one store to another, at opposite ends of the country, in order to advance.

Women have just as good a chance of getting on as men. Of the 58 graduates Dixons has taken on this year 31 are female, while at B&Q the award for the top store manager has gone to a woman for two years running. Retailers point out that most of their customers are women.

Starting salaries are generally around £10,000, although they can be higher in London, and pay rates can rise quickly depending on graduates' progress.

Maggie Urry



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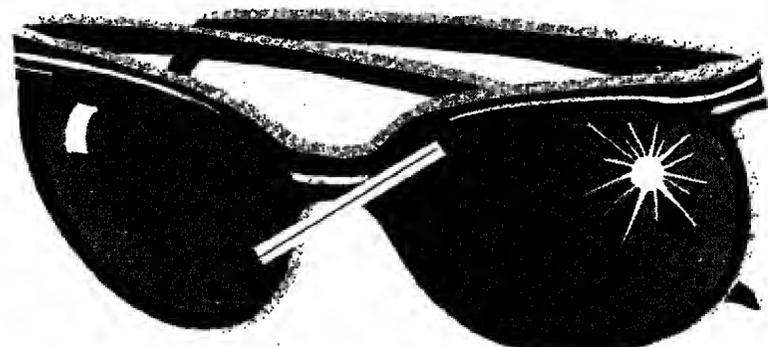
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Thomson TOUR OPERATIONS



Kevin Snowball: 'People want answers immediately, whether it's your boss or a customer'

Training at M&S builds confidence

Kevin Snowball is a self-assured 25-year-old. After three years with Marks and Spencer he sees himself staying with the retailer and says he knows where he wants to go in the company.

He says his confidence has come from the group's training and career development system which includes frequent appraisals and rapid moves. Management trainees are given responsibility from the moment they are ready to take it, he says, and their progress up the career ladder will be as fast as they can cope with.

Kevin took a business studies degree at Lanchester Polytechnic, in Coventry, which was a four-year sandwich course. He was sponsored by Marks and during one of his work periods spent some time with Marks's do-it-yourself retail chain Payless.

He decided retailing was for him. But when he finished his degree Marks had sold Payless. Kevin turned to M&S and chose a career in store management. He started at the Lincoln store in September 1986, spending his first day shelf-filling and finding out what it was like to be an assistant manager.

Since then he has worked in three more stores, and hopes to move again after Christmas this year. His training has covered both the technical aspects of his work - such as how the electronic point of sale tills work and the reordering systems - and management skills - he has been on assertiveness courses, learnt

about time management, appraisal writing techniques, and how to discipline staff. All the training is based on situations that could arise in real life.

After completing his first stage of training in Lincoln, which got him to supervisor level, he had a spell in the Belfast store, one of M&S's top 10 shops, where he started the second stage, taking him to assistant manager level.

His time in Belfast completed his training, and he went on to his "first appointment", a rite of passage in the M&S career development programme. This move was to Cardiff, where he became a department manager, looking after food and, after that, ladies fashions, gifts and footwear.

This January Kevin moved back to Northern Ireland, to prepare for the opening of a new store in the Sprucefield Centre in Lisburn, 12 miles from Belfast, in March.

This store is one of M&S's new style out-of-town outlets, and Kevin is one of three assistant managers. Each reports to the deputy manager, who in turn reports to the manager. Kevin's patch covers furniture and home furnishings, horticulture, lingerie, children's wear, footwear and gifts. He is therefore responsible for departments where the turnover runs to many millions of pounds a year.

Far from wilting under the pressure, Kevin thrives on it and says that it is exactly what attracts him about the retailing business. Sales figures are available straight away, and he finds that both motivating and exciting.

"People want answers immediately, whether it's your boss or a customer," he says.

His student friends were not enthusiastic about retailing as a career, but Kevin feels they now have more respect for his choice. After seven or

eight years with M&S Kevin could be running his own store, effectively in charge of a multi-million pound business. He could also move into the head office in London for a period, learning about other parts of the business such as selecting merchandise for the shops.

Moving around is a fact of life in retailing, but it is one Kevin enjoys. After living in eight homes in four years during his studies, another four in three years does not seem to have worried him, especially since he is single. He enjoys the chances he has had to see a lot of the country.

As for social life, he says, it is up to the individual to make his or her own. There is a social life in the store, too, and there is usually a friend at work to go out with for an evening.

The work involves late evenings or weekends, with Kevin working alternate Saturdays. That can be a nuisance, Kevin says, but, on the other hand, he finds the compensating day off during the week gives him a chance to play a round of golf when the course is less crowded.

Kevin has high ambitions, and sees no reason why he should not achieve them if he works hard. There are 200 or so people in the group at his level and, he says, they all want to be the manager of a top 10 store. Not all of them will and that brings in a competitive element, which Kevin welcomes.

Knowing that Rick Greenbury, M&S's chief executive officer, started with the company as a school leaver, Kevin believes there is no limit to the level he could reach. Will he end up on the board? He smiles at the suggestion, but does not rule it out.

S

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SECURITIES

Long lulls lead to lay-offs

Many securities firms are suffering a slow and lingering death. After the dramas of Big Bang (the opening up of the stock market in October 1986) and the Crash of October 1987, it may sound prosaic: but the reality of October 1989 is far from exciting for the London securities business.

The reason is easy enough to find. Levels of business, particularly in the stock market, are too low to cover the overheads at many firms. The response has been to cut back or pull out altogether.

The trading downturns make life dull for the employees of securities firms, who find themselves scratching a living between the long lulls in the market.

It also restricts their ability to make money. Bonuses still make up a significant proportion of the pay of a market maker or equity salesman, even though in recent years base salaries have come to account for a far higher part of total income.

Simon Rostron, a graduate who found his way into the stockjobbing firm Wedd Durlacher (now part of the Barclays group) in the 1970s, sums up the mood: "Personally, if I was leaving university now and saw the state of the market, and if I really wanted to make money, I'd go to the futures pits in Chicago. There's plenty of opportunity for making - and losing - huge amounts of money there."

For those not brave (or greedy) enough to head off for the US in search of a way into the cut-throat world of Chicago's futures market, there are still openings in London. And there is still money to be earned, though not as easily as is often imagined.

According to one recent graduate who now spends his day as a trader in front of computer screens: "It is like any other industry. There are some people earning an awful lot of money - but most simply earn a living."

Earning a living in this context means the £30,000-£40,000 typical for graduates once they have been in the industry for three years. That is about double the £15,000-£20,000 likely to be on offer this year to those joining straight from college. One company, which last year offered £14,500 to graduates, says it could not attract good

banks. That worries securities firms.

As a result, the bigger firms are likely to step up their presence on the Milk Round this year. Graduates have come to account for a greater part of their intake in recent years, although they also still look to the large accounting and law firms for many staff.

Few graduates find their way straight into market making. Warburg says only two or three a year from its graduate intake take this route. Market making is traditionally the preserve of non-graduates, who work their way up from clerical jobs. They are the sharp traders of popular imagination, not familiar with the analytical tendencies induced by a university education.

Another point worth noting is that market making, conducted on the telephone in front of screens, has changed considerably from the old-style jobbing, when the market was on the floor of the Stock Exchange.

Far more graduates than go into market making opt for equity sales - the broking operation of selling shares to institutional buyers and accepting their sales orders. These people supply the life-blood of commission income on which firms survive (or from a lack of which they are increasingly dying). Traditionally, market-makers earned more than salesmen, but that is no longer the case - at least for good salesmen who are given a good "pitch" to work.

The other common home for graduates in securities firms is the research department, which supplies the intelligence from which the traders work. A researcher who joined a British house straight from university says that his job does not have the same level of pressure as those in the front line, but adds: "Dealers expect you to get it right. It's got to be competent and faultless."

Another source of pressure on researchers is that they, too, are often paid on results. This does not mean that they are judged on how often their forecasts are right. If that were the case, many would go hungry. Instead, they are judged on their standing with investment clients: the higher they are rated in the annual rankings of analysts, the bigger the bonus. Such subjective tests may annoy many analysts, but they are the only ones available.

Richard Waters

Choosing between Americans, Japanese and British

Not all securities firms are the same, even though all high-tech dealing rooms may look the same. The clearest distinction is between US, Japanese and British-owned institutions, although within these groups, there are differences between the character of each organisation.

Graduates who work in the British-owned camp tend to feel that they are put under less pressure than their counterparts elsewhere. According to one: "It's a friendly atmosphere, and not bitingly competitive. The people at the top tend to be

those who have worked their way up."

US firms, on the other hand, are universally renowned for their "hiring and firing" policies, and for expecting a lot from graduates in a short space of time. A graduate who opted for a British firm says: "In US organisations you are given targets and told to go out and do it. In this organisation, they work out what you are capable of before they give it to you."

It is also worth noting that US firms have failed to make the inroads into the London equities business anticipated three years ago when the Stock Exchange was opened up to outside competition. Several have pulled out or scaled back, and none have achieved the sort of market share they had hoped for. This has led, at times, to flagging morale at houses like Citicorp. Scingneur Vickers, one firm which saw its market share dwindle before embarking on its current wave of recruitment. Whether the likes of Citicorp return with a vengeance is one of the big



questions currently hanging over the City.

The third main grouping is made up of the Japanese securities houses, which are steadily building their presence in London. A graduate who joined Nomura four years ago says that Japanese firms do not spend as much effort on formal training as the Americans (although he was sent to Tokyo for three months to train), but prefer their people to learn on the job.

They also expect people to perform early, like the US houses, but "if you are making an effort and working hard, even if you are not achieving the results, they tend to be understanding."

The biggest distinction, though, lies in the culture. "The hierarchy is more formal. There is less communication between managers and employees. That's just the way the Japanese do it."

"Also, you are working with people who speak a different language to you, who have different traditions and values."

One of the main rewards for open-mindedness is a greater degree of job security than that available elsewhere. By common consent the Japanese institutions take a longer-term view than others, and have the muscle to weather the current fierce market conditions.

There are also, of course, many other foreign owners not included in these groupings, from Hongkong and Shanghai Banking Corporation (owner of James Capel) to Union Bank of Switzerland (Phillips & Drew). It is impossible to categorise these: James Capel, for instance, still retains a large degree of independence, while P&D has been drawn closer into the UBS network over the past year.

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that salaries could climb this time around.

The lay-offs have had little effect on the number of people trying to get into the City. BZW has seen the number of applications for its 20-25 positions a year drop from around 1,500 to 1,300, while Warburg has seen a similar decline, from 1,200 to 1,000.

Job security is certain to be on the minds of many graduates: there is undoubtedly a risk in the current market, though it is worth remembering that firms do not readily dispense with the graduates whom they have earmarked for future senior positions. Brighter graduates have been tending to opt for something safer, like management consultancy, or for corporate finance with one of the traditional merchant

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OPPORTUNITIES FOR SCIENTISTS

Wave of academic vacancies predicted

Have we had the best out of science? asks Dr Max Perutz, Nobel prize-winning molecular biologist, in a new book of essays. "Have we not come up against the law of diminishing returns, ever larger expenditures being needed for ever smaller advances? Would it not be better to call a halt to research and get along with existing knowledge, using the money saved to reduce taxes?"

Dr Perutz then elegantly demolishes all such notions, at the same time conveying just why scientific research will continue to be needed not only for the wealth and comfort it can create but for the humanity it has always brought in its wake.

This is an excellent year for students to take up science. As Dr Terence Kealey, lecturer in clinical biochemistry at Cambridge University, has pointed out in a Centre for Policy Studies paper this year, the university lecturers recruited in droves in the 1960s for the expansion of British universities and polytechnics following the Robbins report, will be retiring during the 1990s. This will create thousands of academic

vacancies for, contrary to much recent publicity generated by the science community itself, there has been no contraction of the UK science base. What there have been are attempts to change its direction, sometimes wilfully misconstrued as contraction by those who have found themselves dispossessed.

Both the government and opposition keep saying they want to see science expanding still more, although they differ in how this is to be achieved. The government says it wants this done as a natural consequence of a more thriving economy, spending more generously on research in industry and also in universities in its own enlightened self-interest. The opposition alleges that government is being parsimonious and promises to be more generous itself, without the strings government has sought to attach.

Those strings broadly seek to tie the growth to achievement. The British academic community has tended historically not to follow its ideas and inventions through to successful commercial conclusions. Its rewards lay in academic recognition and kudos.

But there is also deep satisfaction to be gained from knowing your inventions are proving useful, in the way that Norman Borlaug's Nobel prize-winning research into wheat genetics has doubled the harvest worldwide in two decades. That unique satisfaction the technologically more aware British companies are increasingly anxious to

harness, both in universities - where they have doubled their support for research in the last five years - and in industry's own laboratories.

Dr David Giachardi is research director of Courtauld, the textiles group, and also vice-chairman of the science, education and technology committee of the Chemical Industries Association, trade association of the chemistry-based industries in the UK. For him, a chemistry degree indicates a trained mind "well placed in the middle of the spectrum between literacy and numeracy".

What the chemical industry wants is not folk filled with facts that are going to be out-of-date in a few years. (The number of chemical entities alone doubles every decade or so.) The chemical industry wants people with inquiring minds capable of recognising how this big science-based industry will renew itself in the coming decades by harnessing new disciplines such as the biological sciences, information science and materials science to its bedrock of chemistry.

Do you need a chemistry degree to operate successfully in the chemical industry? Once, mastery of the technology counted for everything, Dr Giachardi says. Now, as with any other business, quality, consistency, service, the needs of specific customers are what counts for commercial success. Many people in the industry today have little academic basis in chemistry and too much chemistry can even get in the way.

But the chemistry degree has become "a passport to all sorts of exciting careers, many of which are outside of the chemical industry", he says. For the chemical industry this may cause some problems, but he believes it must be to the industry's own long-term advantage to have more people in positions of influence in society at large with "at least some basic understanding of the concepts we hold to be important."

"The best are better than they have ever been", says Dr Denis Scotter, of the calibre of physics PhDs today. He says he needs the best - he is manager of the long-range research laboratory of GEC, Britain's biggest electricals group. But there are simply not enough of the best, he laments.

Dr Scotter, writing in August's issue of *Physics World*, published by the Institute of Physics, identifies five features of courses producing what he rates as the best PhDs. They are:

- Clear and precise definition of the aims of the course, tailored to the individual student.
- A workplan or schedule available from the start, showing what is expected of the student, and what special skills must be acquired for the project.
- Opportunity for each student to make an individual contribution and sustained encouragement to promote independent thinking.
- Arrangements for the student to join a peer group of research students from different disciplines.
- A formal system for monitoring PhD progress.

Organisations such as British Aerospace, GEC, Rolls-Royce, and the UK Atomic Energy Authority have traditionally recruited physicists. "It is time for those other commercial companies who have become such avid recruiters of physics PhDs in recent years to play a part in education and training", Dr Scotter suggests.

David Fishlock

*Is Science Necessary? by Max Perutz, Barrie and Jenkins. £14.95; Policy Study No.105, Centre for Policy Studies, 8 Wilfred Street, London SW1E 6PL. £4.95.

Chemists can expect to be wooed

Chemistry is perhaps the least glamorous of sciences. "I'm a chemist" was a guaranteed turn-off line when I was studying the subject at university 15 years ago, and I believe its effect is just as deadening at student parties today.

Universities and polytechnics have found it increasingly hard during the 1980s to fill the places on their chemistry courses, and there is a general feeling within both academia and industry that the academic quality of the students is falling.

"In chemistry now there are only about 1.5 applicants per place, and with such a small choice admissions tutors are beginning to let in people whom they would not have considered in previous years," says John Simpson, graduate recruitment manager for ICL, the largest UK employer of



The chemistry degree has become a passport to all kinds of exciting careers

chemistry student today with the ability and inclination to pursue a career in the subject. He or she will be wooed by many would-be employers.

This year someone with a good honours degree in chemistry, who wants a laboratory-based job in a large company, can expect a starting salary of £12,000 (or £13,000 after a four-year course). A PhD from a leading chemistry department is likely to be offered at least £15,500.

But salaries vary considerably according to the quality and ability of the graduate and the type and location of the employer. An outstanding new PhD may be offered as much as £18,000 to start research with a drug company in the Home Counties. A small company in the North of England might not be prepared to pay someone with a third class degree in chemistry more than £8,000.

According to the Association of Graduate Careers Advisory Services, about half of the people who gain first degrees in chemistry in the UK go straight into full-time employment, and one-third proceed to study for a higher degree (MSc or PhD). The remaining sixth go into other forms of postgraduate training (including teacher training) or are unable or unwilling to go immediately into a permanent job or postgraduate course.

The statistics show that only 43 per cent of the chemists who entered employment immediately after gaining a first degree found jobs in chemistry laboratories, although more than three-quarters of those graduating with a higher degree go into laboratory-based jobs.

Graduates who do not want to work as laboratory chemists have a wide range of options. Chemistry holds a central position among the scientific disciplines, between the biological and physical sciences. A chemistry degree is therefore a good qualification for careers in which a general scientific background is an advantage, from technical writing and science journalism to politics and becoming prime minister.

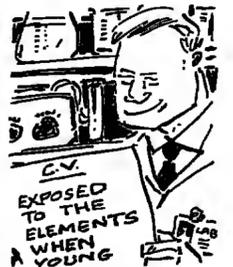
Non-laboratory jobs that chemistry graduates could consider include:

● **Information and library work** The rapidly increasing volume of research published worldwide has produced a growing requirement by companies, government laboratories and universities for information specialists to provide their scientists and engineers with up-to-date technical data.

● **Computing** You do not need a computer science degree to start a career in computing. Any scientific training is an advantage here, and 5 per cent of chemists go into computing and related jobs in management services.

● **Sales and marketing** Pharmaceutical and chemical companies are keen to recruit graduate chemists to sell their products, and 10 per cent go into this field.

● **Patents and law** The field of patents offers new jobs for 20 to 30 chemists a year - working for patent agents on



behalf of clients and for the Patent Office as patent examiners. There are also some jobs for chemists in firms of solicitors specialising in scientific and technical cases and intellectual property law, though you will need to add a legal qualification to your chemistry degree if you are to get a fair share of what can be extremely lucrative work.

The overall conclusion is that, as Ralph Coates of Newcastle University's careers service says, "there ought not to be any unemployed chemistry graduates this year."

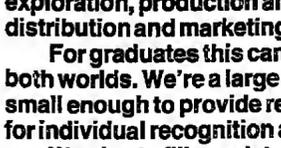
Clive Cookson

■ **Further information:** Royal Society of Chemistry, Burlington House, Piccadilly, London W1V 0BN. Chemistry in Britain is the leading periodical for chemists, published by the RSC at the same address. Chemical Industries Association, Kings Buildings, Smith Square, London SW1P 3JJ.

between the steady supply of chemistry graduates (about 2,500 per year from UK universities and polytechnics), their declining quality, and the increasing demand from industry for good chemists. More and more jobs in research and development, technical and analytical services and production

depend on chemistry. These jobs are not only with the large chemical and pharmaceutical companies but also in food and drink manufacturing, the energy industries and a wide range of other industrial activities.

Of course the growing shortage of good chemists is excellent news for any



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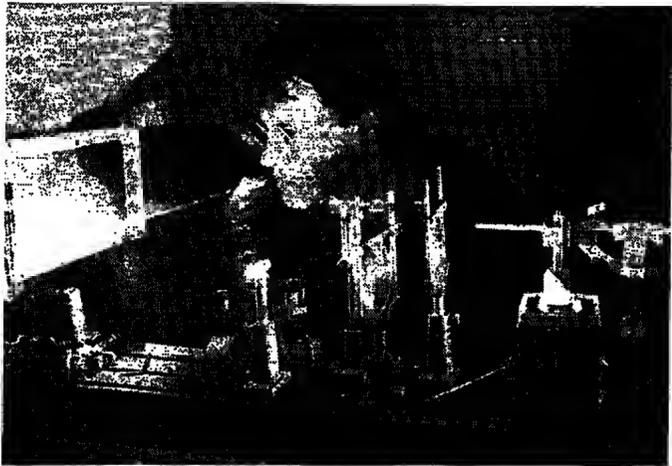
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Companies' requirements for physics graduates far exceeds the supply

Physicists fare well

Job prospects for physicists have always been good. Even during the 1981/82 recession the demand for physics graduates held up well compared to other scientists, and since then the shortage of physicists in UK industry has been growing steadily. "There has not been a single year since I came to the Institute of Physics 17 years ago when it has been difficult for physicists to find jobs," says Maurice Eblson, who is in charge of the institute's education department. Ralph Coates of the Newcastle University careers office agrees. "Physicists have always jugged along on a reasonably happy wicket," he says.

A series of surveys by the Institute of Physics, published over the last year in its magazine *Physics World*, shows the growing mismatch between industry's likely demand for physicists over the next three years and the ability of universities and polytechnics to provide them with physics graduates.

Companies' overall requirement for physics graduates - with a first degree and higher degrees - far

exceeds the supply. And among postgraduates (MSc and PhD) there is a striking disparity between different specialties.

UK industry's demand for postgraduate specialists in electronics and communications will be nine times greater than the universities can supply. At the other extreme, there will be five times more specialists than industry wants in the most "academic" fields of particle and atomic physics - though some of the surplus PhDs will, no doubt, find employment in universities and non-industrial research institutions such as CERN, the European particle physics laboratory in Geneva.

Universities and polytechnics turn out about 2,700 graduates a year with degrees in physics and applied physics. Half of those leaving with a first degree, and two-thirds of those with a higher degree, find jobs in research, development and design, which make direct use of their physics training. Another fifth go into computing and related management services.

A reasonable salary for a physicist with a good second class honours degree starting work this year outside London would be £11,000. A PhD could expect £15,000.

Maurice Eblson, who

conducts regular pay surveys for the Institute of Physics, warns that, looking at the financial returns over a lifetime's employment, staying on to do a PhD does not produce a clear pay-off for the average physicist. But a PhD is an essential qualification for many jobs in physics research.

Of course the three years spent working for a PhD can produce great intellectual satisfaction, if you have the sort of mind that likes to become deeply absorbed in a single long-term research project. But, under the wrong circumstances, a PhD in the physical sciences can be little better than doing poorly paid manual work in the laboratory for a supervisor who will get most of the scientific credit for your research.

Eblson is more negative about the value of an MSc. "In financial terms it is not worth getting a master's degree," he says. "In some areas it almost has a negative effect, because people think it is hiding a not very good first degree."

Although physicists do not have a "physics industry" as an obvious source of employment, in the way that chemists have the chemical industry, the electronics and telecommunications sectors are the closest equivalent. Companies such as British Telecom, GEC, Plessey, STC,



Earth sciences used to provide the means of seeing the world

IBM, Racal and Ferranti are prime employers of physicists. But there are also jobs for physicists in many other fields, including nuclear power, oil, chemicals, plastics, paper, textiles, foods, cars, aerospace, metals, glass and ceramics.

The scientific civil service, which controls 100 research and development establishments, is another good source of employment. Many of these jobs are in the Ministry of Defence: developing hydrogen bombs, aerospace systems, naval radar, image analysers and so on.

In addition, there is a surprisingly large requirement for physicists to work in health and medicine. Hospitals first started to employ physicists on a substantial scale when radiotherapy was introduced,

and even today most medical physicists spend some time working with ionising radiation, for treating cancer and diagnosing other diseases.

But medical physics is now quite broad in scope. It includes the development of a wide range of electronic instruments, design of artificial limbs, and diagnostic techniques using special tracers. A special category is the audiologist, who helps doctors investigate disorders of hearing and balance.

Other occupations for which physicists may be qualified include: geophysics with an oil or mining company; astronomy with one of the two Royal Observatories, the Rutherford Appleton Laboratory or a university department (for which a higher degree is now essential); and meteorology with the Met Office.

Finally, do not forget the continuing shortage of graduates to teach physics and other sciences in schools.

The Royal Commission on Environmental Pollution, London University is hard on Oxford's heels, with such examples as Imperial College, strong in biotechnology, and University College where Prof. Campbell presides. One unique feature of London is the close and efficient ties between teaching hospitals and the biological sciences taught in university colleges. Elsewhere, outstanding names include Prof. William Jarrett, the veterinary scientist, of Glasgow University, famed for his work on feline leukaemia and AIDS; and Prof. Bill Brammer at Leicester University, who runs a laboratory specialising in genetic engineering funded by ICI.

Post-graduate studies are mainly financed through the science budget dispensed through the five research councils, of which four support the pharmaceutical groups or Celltech) and research charities (such as the Wellcome Trust and the Cancer Research Campaign) also offer such funds. The CASE studentships of the Science and Engineering Research Council are available for projects backed jointly by university or polytechnic and a company. Despite its title, this research council has a strong biological component administered through its Biotechnology Directorate.

The newly qualified PhD who wants to continue to do research must then decide between the publicly financed sector and private industry, a crucial decision, as Prof. Campbell says. "Today's PhDs should be pleased they have so much choice." Industry, in general, will tend to offer higher salaries but will tend to want all but the most creative to work specifically on what it perceives as the pressing problem.

Prof. Campbell stresses how important it is that the first post should yield good research publications. In the past Britain has tended to pay PhDs on an age-related scale, disadvantaging those who took time away from their research careers. There is now a move towards more flexible salary scales.

Earlier this year, as chairman of the Association of Researchers in Medicine and Science, he published a booklet of advice for those wishing to follow such a career. "It is he concludes that for those with the ability and enthusiasm for a career in biological and medical research, the opportunities are still many and varied. But he warns that the career structure for research workers is less well defined than for other professions "and their security and remuneration is not on a par with that, say, of a medical doctor in general practice".

"This can be a serious problem for those who reach their mid-30s with no established appointment, as is happening increasingly in the public sector. The bright side for the student, however, is growing evidence of a substantial and increasing shortage of scientists in Britain.

David Fishlock

For further information obtain Career prospects for research workers in the biological and medical sciences. Published by The Biological Council, c/o Institute of Biology, 20

Geologists reluctant to give up the rocks

Ever since the heyday of the British Empire, a degree in geology has been one of the classic routes to working abroad. Until the 1950s British geologists had no trouble finding jobs overseas - temporary or permanent - with the UK-based mining companies and the colonial geological surveys.

Since the 1960s the pattern of employment has changed. The international oil industry has become the most important employer of graduates in what are now known unromantically as the "earth sciences" - geology and its sister subjects, geophysics and geochemistry. A lot of the work is still overseas, though often a short-term assignment to a remote oil or gas field rather than a more permanent posting.

As a result of this dependence on the oil industry, the demand for earth scientists has fluctuated alarmingly over the last 15 years. The frenetic pace of oil and gas exploration during the late 1970s created many new jobs.

Recruitment slumped in 1982 and again in 1986 when the oil price collapsed. Over the last two years the job market for geologists has recovered strongly, and most people in the oil industry believe that the recovery will continue into the 1990s.

Most of this volatility comes from the smaller contractor, service and consultancy companies, which, taken together, are a more important source of geologists' jobs in the oil industry than the well-known multinationals. The latter - particularly BP and Shell - have maintained a reasonably consistent

graduate recruitment policy during the 1980s.

Competition among geology graduates for jobs with the giant oil companies is intense, because they offer not only security of employment but also the prospects of choice and variety. John Akehurst, head of Shell central recruitment, says that, although the company offers immense scope for work abroad, it is possible for a geologist to spend an entire career with Shell UK. If an overseas posting would be inconvenient for family reasons.

About half the geologists entering the labour market have a higher degree (MSc or PhD) and for many positions this is essential. Margaret Orchard, group recruitment manager at BP, says the company does offer jobs to geologists with only a first degree, "but from a careers point of view I'd advise anyone wanting to go into the oil industry as a geologist to consider a further degree."

Twenty years ago geologists in the oil industry were almost all men and, as Akehurst concedes, "we're still trying to get away from our reputation as an industry that is hostile to women". Large companies such as Shell are trying to make working life as easy as possible for women graduates, including geologists. But many of the smaller specialist employers, such as seismic contractors and well-logging companies, still live up to the old macho image.

If an earth sciences graduate does not want to work in the oil industry, mining is the next obvious choice. But opportunities here have contracted sharply over the last few years. There is still scope for British geologists to work abroad, exploring for minerals and running mines, but the tendency is for countries increasingly to employ their own citizens.

In the UK, British Coal is the largest employer of mining geologists. There are currently no openings for graduate recruits in the earth sciences in the traditional "deep mining" side of British Coal, which has been contracting steadily for several years. But British Coal's expanding Opencast Executive is recruiting geologists this year. And there are also a few jobs for geologists in the UK private sector with quarrying and minerals companies.

The number of earth scientists employed directly and indirectly by the UK government has fallen steeply during the 1980s, with cuts in university geology departments and in the British Geological Survey (BGS) - the body traditionally responsible for the systematic geological mapping of Britain and part of the Natural Environment Research Council.

Geology graduates tend to be unusually reluctant to take jobs unrelated to their degrees. According to one theory, this is not only because rocks are so fascinating, but also because the frequent field trips of undergraduate courses often lead to a social life centred on the geology department. Unfortunately, there are not enough geology jobs to go round.

Further information: Institution of Geologists, Burlington House, Piccadilly, London W1V 9HG. Institution of Mining and Metallurgy, 44 Portland Place, London W1N 4BB. Jobs are advertised in *New Scientist*.



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A crucial choice for biologists

Biology has been - still is - enjoying the ferment of fast progress and change that physics experienced for the first half of the century. A re-examination this year of the national science budget that underpins higher education in the sciences in Britain has revealed that 43 per cent of it goes on the biological sciences. ICI, an international chemicals group, says that 55 per cent of its research and technology budget is being spent in the "biological" sectors of pharmaceuticals, agro-chemicals and seeds.

New start-up companies such as Agricultural Genetics Company, British Biotechnology and Celltech have appeared in the 1980s, devoted exclusively to exploiting the latest advances in biology through biotechnology. But by the mid-1980s the big chemical and pharmaceutical groups were also hot on the trail of biotechnology, through contracts and sometimes seeking to buy the small start-ups.

Some of the start-ups have forged close links with universities strong in the biosciences. Examples include Celltech which, although deliberately located in the commercial environment of the Slough Trading Estate, retains a strong connection with Cambridge; and British Biotechnology, at Cowley close to Oxford University.

As with other sciences, Oxford and Cambridge must be high on any list of the best places to pursue the biological sciences. Cambridge is famed worldwide for molecular biology, but also boasts physiologists as famous and stimulating as Lord Adrian, master of Pembroke College, and Sir Andrew Huxley, master of Trinity. Oxford has Sir Roger Bannister, the neurologist and former athlete; and Sir Richard Southwood, Linacre professor of zoology and head of its department

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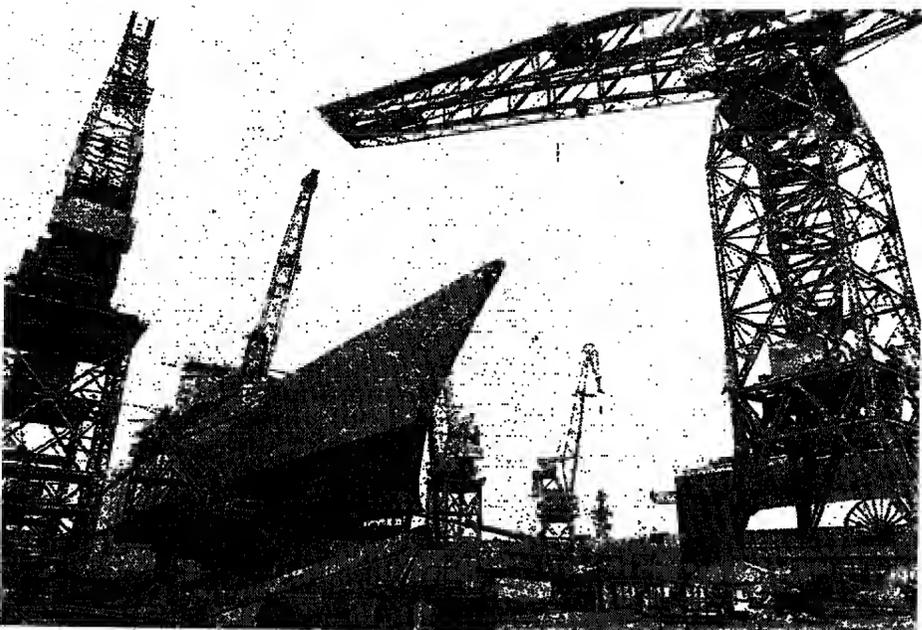
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Handwritten note: Shell not ICI



A decade of recession caused by overcapacity and a declining share of world trade has decimated the industry

SHIPPING

Little life on the ocean wave

First the bad news: if you have a yen to go to sea, you have been wasting your time for the last three or four years. "We are not recruiting graduates for seafaring service any more; we are targeting the chaps with a few O levels, or possibly an A level," says John Lusted, deputy director-general of the General Council of British Shipping (GCBS), the industry's trade organisation.

Now for the good news: many people would say you won't be missing anything. The days are gone when a job afloat was a passport to exciting interludes in exotic foreign ports.

Most ships nowadays turn round within 24 hours, and their crews spend most of their time working or sleeping. Some seafarers spend their lives sailing between offshore terminals and never see land at all.

Much of the most important work of a shipping company is done ashore, both at UK headquarters and at offices all over the world, and shipping companies need the same financial, marketing, procurement and sales skills as any other service industry.

The snag is that a decade of recession caused by worldwide overcapacity and the declining British share of world trade has decimated the industry.

Many of the companies made

famous by innumerable stiff upper-lipped British films no longer exist. Those that do are still finding life tough, partly because the UK Government refuses to match the subsidies and tax concessions offered by many other maritime nations.

But if you still want a career in shipping, it would pay to hedge your bets by joining a company which is part of a major group with other interests.

That would point to the big oil company fleets, such as Shell and BP, and to the shipping subsidiaries of the Trafalgar House or the Peninsular and Oriental Steam Navigation groups.

Trafalgar, primarily a construction and property company, owns Cunard, the famous passenger line which runs the Queen Elizabeth II and Cunard Ellerman, an equally well-known container shipping line.

P&O runs one of the world's biggest cruise shipping companies, as well as European Ferries, one of the biggest coastal ferry companies, and P&OCL, the UK's biggest container shipping company.

Starting salaries are around £12,500, and rewards and responsibilities can escalate rapidly. After five years with P&OCL, for example, a graduate trainee might be running a team of six to ten people and earning up to £20,000.

Senior P&O managers earn up to £100,000 including bonuses, share options and profit sharing. Two graduate trainees have even reached the main board.

Paradoxically, the industry's problems are a source of opportunity for graduates: fewer good seagoing staff will mean a reduction in the

number transferring ashore later in their careers. Mr Bruce MacPhail, managing director of P&O, says the company is revamping its graduate training scheme because attracting sufficient numbers of well-educated people is crucial to the future of the business.

Kevin Brown

Further information: Lloyd's List (daily newspaper), One Singer St, London EC2; General Council of British Shipping, 30-32 St Mary Axe, London EC3.

ALSO SEE: DISTRIBUTION TRANSPORT, ARMED FORCES (NAVY)

SOCIAL WORK

Selectors look for maturity

Readers of a national newspaper were recently asked to suggest the things they would never expect famous people or organisations to say. One respondent came up with the following headline for a tabloid paper: "Social worker was not to blame."

The joke must have brought reluctant smiles to the faces of many social workers who in recent years have become used to seeing their colleagues pilloried in newspapers for alleged mistakes over child abuse and other issues.

The increase in public notoriety has come at a time when social workers have had to cope with bigger workloads - because of public expenditure cutbacks and growing involvement in child abuse prevention and care in the community - and a

decline in their pay relative to most private sector workers.

In spite of the problems, the number of people interested in entering the profession is growing. Last year a record 29,400 made inquiries to the clearing house for courses for the Certificate for Qualification in Social Work, one of the main routes for graduates into the field; that was 1,465 more than in 1987.

David Jones, general secretary of the British Association of Social Workers, says one of the main attractions of the job is the responsibility that goes with it. "Shortly after qualifying, a social worker will be helping people to face the most severe life problems. The challenge is far in excess of what people would find at similar levels in other careers."

Variety is another stimulant. During the course of their careers, social workers can expect, as field workers, to deal with and possibly specialise in problems associated with children, AIDS, the long-term unemployed, mentally handicapped people and the trend towards care in the community rather than long-stay institutions.

Although local authorities are the largest employers of social workers, there are also opportunities in health authorities, the probation service, charities and a burgeoning private sector, mainly concentrated in residential homes.

A survey this year by Lacsab, the local government employers' organisation, found that the average vacancy rate for social workers in social services departments was 10.5 per cent. Worst affected was London, which has a 15 per cent rate, while, at the other extreme, the West Midlands level is 3.1 per cent.

The shortages mean that

social workers are in high demand by employers. The difficulty for some is getting suitable training.

Although there is no law that social workers must be qualified, more than 90 per cent of field workers have either a Certificate in Social Work (CSS) or a certificate of Qualification in Social Work (CQSW). Both the CSS and CQSW are being phased out over the next five years and being replaced by a diploma in social work which will take on features of both.

CSS students are normally employment-based, whereas the CQSW requires attendance of between one and four years at college. Graduates with degrees or diplomas in related disciplines like social administration or psychology will usually take a one-year course, provided they have relevant experience. Other degree holders will normally take two years.

Early applications are advised. Last year the overall ratio of first choice applications to places on two year post-graduate courses went up from 2.7:1 to 2.9:1. The ratio on the one-year course was 1.9:1, the same as in 1987.

Course selectors - and indeed employers of social workers - are not only looking at aptitude, but also maturity and experience. A 21-year-old graduate who has not worked with people will be at a disadvantage. About half those who get on to CQSW courses are aged between 25 and 34.

The profession as a whole is trying to encourage more people from ethnic minorities into its ranks. Islington Social Services, in London, has been one of the most successful in doing so; about 25 per cent of its social workers are of ethnic minority origin.

Once qualified, a graduate with a CQSW, CSS or DipSW can expect a starting salary of between £9,000 and £10,000 outside London and up to about £13,000 in the capital. Career progression and pay depends very much on the employer. Taking Islington as an example, however, career moves from a first job could include those to: senior social worker, perhaps leading a team of five, with a salary maximum of £18,000; neighbourhood office leader, which could include running a children's home or old people's home with a top salary of £21,000.

John Rea Price, social services director, says a high-flyer could run a home five or six years after qualification, although most people reaching that position would not do so until their late 30s.

After that, there are seven deputy assistant directors and finally, at the top of the pile, the director earns about £45,000 a year.

Michael Smith

Further information from Central Council for Education and Training in Social Work, Derbyshire House, St Chad's St, London WC1H 8AD.

SPYING

Secret service widens its net

Becoming a member of the second oldest profession (in about 1250 BC the Lord told Moses to send agents 'to spy out the land of Canaan') is an elitist business.

How elite depends on which side you want to join. The Soviet intelligence community has tended to be more snobbish than the British one. Those UK nationals wanting to join the KGB have normally found it necessary to become a student at Cambridge University first. During this century Soviet intelligence was recruiting Oxbridge undergraduates well before the British Secret Intelligence Service (also commonly known as MI6).

The KGB continues to be one of the more publicity-adverse graduate recruiters in the UK.

However, if it continues to recruit as it has done in the past, those who have public school backgrounds should probably consider studying at Trinity College, Cambridge, where Kim Philby, Guy Burgess, and Anthony Blunt attended. An outside bet might be Trinity Hall where Donald Maclean was an undergraduate.

Those educated at state schools may like to think about applying to Downing College, Cambridge, where the Soviet agents George Blake and Philip Spratt were both undergraduates.

For those interested in joining British intelligence - without necessarily joining the KGB at the same time - Oxbridge attendance has also, in the past, been one of the best ways of being short-listed.

The tradition of Oxbridge recruitment dates back to at least the 16th century; Christopher Marlowe, the Elizabethan playwright and spy, was a member of Sidney Sussex, Cambridge, though the college is less than proud of this particular alumnus.

According to university gossip, the interviews involve being told very little about the job, but nevertheless being

after refusing to pay his bar-bills.

Since then, a number of those heading MI6, which deals with intelligence outside the UK, have been from Cambridge. Nevertheless, the organisation has recently displayed its open-mindedness by appointing an Oxford man as its head.

Traditionally Oxbridge senior tutors have been the main talent-spotters. Dr Christopher Andrew, author of a best-selling book on the secret services and former senior tutor at Corpus College, Cambridge - though he insists he has never been a recruiter for them - explains that senior tutors have had this role because they know

asked to sign section two of the Official Secrets Act. The selection process for MI5, which deals with internal security, also includes a number of intelligence tests.

What a career in the services actually entails remains, of course, something of a mystery. However, it presumably involves collecting and analysing data from a variety of sources. These include signal intelligence (Sigint), some of which is collected at GCHQ at Cheltenham, photographic intelligence (now mostly gathered from satellites) and other forms of intelligence - collated, one imagines, by methods possibly similar to those written about by John



What the job entails remains something of a mystery

undergraduates from all disciplines.

One method of recruitment is for the senior tutor or recruiter to approach the student and ask if he or she has considered applying for the civil service. If the student expresses an interest, he is asked whether he might be interested in a career within the civil service which is not normally advertised.

Another method of being approached is to take the Civil Service exams and fail them. This is sometimes followed by a letter asking the applicant down to London for a discussion.

According to university gossip, the interviews involve being told very little about the job, but nevertheless being

Le Carré.

For those who are not at Cambridge, but are interested in such work, there are signs that MI5, at least, may be widening its recruitment net.

"MI5 is no different from any other part of Whitehall," explains Dr Andrew. "The quality of applicants to the Home Office fell off quickly in the early 1980s when it found itself struggling to find high-flyers. I would be surprised if MI5's experience was different."

In the wake of these difficulties, MI5 put through a series of reforms. These included recruiting in red brick universities and taking on more women.

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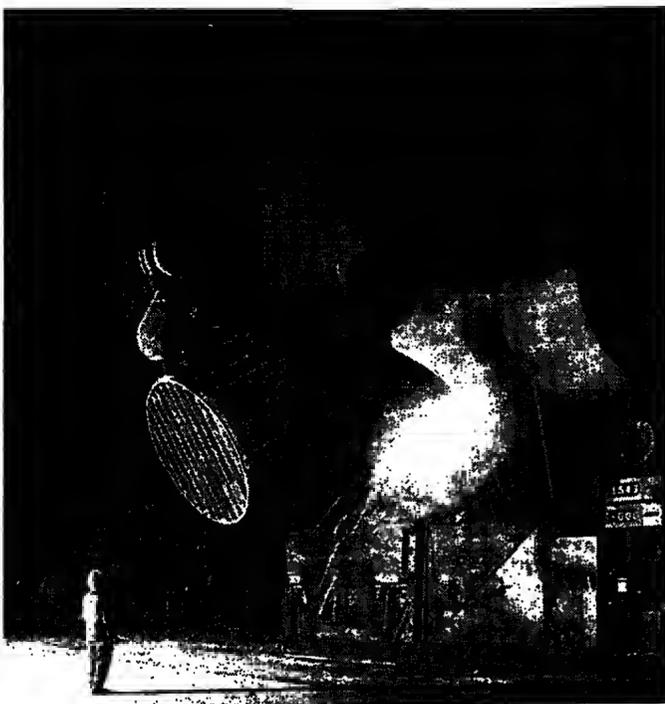
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STEEL INDUSTRY

Seeking scientists of the right mettle

The UK steel industry has gone through a healthy transformation since the turn of the decade. Though the sector is not a large absorber of graduates, British Steel, as an individual company, is one of Britain's larger recruiters of college leavers. The steel industry is by far the largest employer of metallurgists. Indeed, British Steel could absorb the whole of the, admittedly limited, output of metallurgists from UK higher education establishments, if they were all of the right calibre. British Steel is the biggest steel maker in the UK, and one of the top half dozen in the world. United Engineering Steels is number two in size but there is also a broad range of other steel makers or steel finishers. The British Independent Steel Producers Association has about 50 member companies. Some, though by no means all of these, take on graduates. Many of the smaller steel

companies have modern plant. Many others, however, have antiquated production facilities and poor working conditions. British Steel, now a private company, was intending to take on 350 graduates this year. Last year it recruited 303 from its target of 310. About two-thirds of its intake are engineers and metallurgists and one-third tend to come from non-technical backgrounds. On the scientific side, the company looks for "scientifically-trained people who have the ability to solve problems," a spokesman says. "Intellectual ability on its own is of little value unless you can put it into effect." Its non-science graduates could be headed for a variety of functions such as marketing or administration. The company's separate businesses have their own pay scales and bonus structures. Starting salaries range from £9,500 to £11,000. British Steel says its training tends to be geared to individuals - each graduate is given a "mentor" to watch over their performance. About half the graduate intake goes to work in one of the company's five integrated steel-making sites. United Engineering Steels, formed in 1996 out of parts of British Steel and GEN, was planning to take about 25 graduates this year - a much higher figure than the previous two years. More than half of its graduate intake are engineers

and metallurgists, the rest coming from financial/economics courses or from among students interested in information technology. It recruits from about 15 universities with a starting salary of £9,350, or £9,600 for graduates it has been sponsoring. Keith Maiden, manager for training and management development, says UES has a well-developed training programme which, in the first year, includes three weeks at the company's own residential management centre. Pay is definitely not a lure. A graduate in his or her early 30s who gets to department manager level will be on about £15,000 or £16,000. More typically, at that age they will be senior engineers on £14,000 to £15,000. The constituent parts of UES have been losing half of their graduates within three years, though the company says retention rates are improving. One attraction at UES, says Maiden, is that graduates get involved at an early age with major issues facing the company. Finance graduates in the first few years at UES, for example, will be expected to be involved in the company's accounts and annual budget setting. **Nick Garnett** Further information: Booklet, Graduate Into Steel, available from British Independent Steel Producers Association, 5 Cromwell Rd, London SW7 2HX.

T
TEACHING
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TEACHING
Catalogue of woe examined

It seems rather odd that anyone still wants to be a teacher. Scarcely a day goes by without a newspaper publishing a story about declining morale, low pay, high stress and the weight of Government-induced changes in Britain's schools culminating, so we are told, in widespread teacher shortages. Much of this catalogue of woe is orchestrated by the six unions which compete noisily with one another for the loyalty of teachers in England and Wales (Scotland has its own union and education system). They see it as a way of pressuring the Government to inject more resources into education. This strategy recently culminated in one union leader proclaiming that he could no longer recommend a young person to consider teaching as a career. Yet, on past trends, about 10,000 graduates will opt this year for a further year's study for a Post-Graduate Certificate of Education (PGCE). Should you be one of them? Start with the downside - the unions' complaints contain more than a grain of truth. While initial pay is not wildly out of line with graduate starting salaries elsewhere, new teachers will quickly find themselves left behind by their ambitious

force quits the classroom each year for work outside education. Teaching, then, is a stable profession. Yet this very fact suggests there is another side to the story. Why are people attracted to teaching? Start with the idealistic reasons first. Jack Dodds maintains there are few jobs that can rival teaching for job satisfaction: "Every lesson and every day, some child will achieve something. And you will have had some part of that." Moreover, teachers are fully responsible for running a class from their first day. Not many careers will demand so much of a 22 or 23-year old. Teachers also have more control over where they live than most other graduates. New teachers need not join the rush to London. Vacancies regularly crop up throughout the country, although prospective teachers should contact the relevant local authority early if they are certain where they want to work. This need for teachers all over the country sheds another light on pay. While classroom pay looks feeble when set against London salaries, it takes on a more robust hue when compared with the going rate in regions such as the north or Wales. Since over 10 per cent of the teaching force is either a head or deputy head, there is plenty of scope for promotion. Current heads' salaries run from £17,370-£34,178 and deputies' from £16,537-£24,933, with the point on the scale determined by the size of the school. Beyond that, there are opportunities in educational management: most of the new

directors of education in the inner London boroughs, for instance, were appointed on pay of £45,000. Last, but not least, are the conditions of service: 13 weeks of holiday in the year and working hours in most schools of 9am-4pm. Teachers do not like to talk much about these almost unbeatable hours, because they insist they fill up this spare time with non-classroom work. This may be the case, but try ringing a school after 4pm or during August and you soon become sceptical of this claim. People entering the teaching profession now can be sure they will have a job for life, something that can be said of few other graduate careers. Even ministers admit it will be a struggle over the next few years to attract all the trainee teachers the system needs. The Education Department is so desperate for teachers in maths, physics, chemistry and technology, the main shortage subjects, that it pays a tax free annual bursary of £1,300 to trainee secondary teachers in these subjects. It is also introducing a pilot scheme for 1990's crop of graduates which will enable some to train on the job in schools. And new teachers will have the advantage of joining the profession just as the Government's education reforms begin to take effect: not for them the need for painful adjustment. **David Thomas** Further information: Tasc Unit, Department of Education and Science, Elizabeth House, York Road, London SE1 7PH.

Bank to school

Miranda Brett, who left a well-paid job in banking to teach in a comprehensive school last year, has few regrets. A physics graduate from Oxford, Miranda was wooed to the City, where she had an entrée into banking through a personal contact. After a six month training course she worked on asset finance, and checked out companies' credit ratings. But, after 18 months, she wanted to leave. "The learning curve had dropped. I knew enough, but to become really good at it, enormous effort would have been required. I looked at other City institutions, but thought, 'what's the point? I know I can do that', and left, the day before I was due my first pay rise." She is now one of 10 science teachers at her secondary-comprehensive. Compared to the City, where the positive side of the job was evident in the material trappings of success, suits, briefcases, and plenty of cash, the advantages of teaching are hidden. Not only does she know all the names of her 200 pupils, but she also knows them as individuals, and they show a flattering enthusiasm for her lessons. "Everything is fantastic except the strain, and the money is appalling. I take home about £120 a week and £40 of that goes on petrol." **Rachel Johnson**



Teachers are fully responsible for running a class from their first day. Not many careers will demand so much of a 22 or 23-year old

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friends who chose more lucrative careers. New graduates entering-teaching this year will be paid £9,390 if they have a first or second and £8,730 if they have a lower class degree. London allowances of £351-£1,377 are on top. But the most classroom teachers can earn at present is £19,404 (plus London allowances). Most teachers will be into their 30s and have taken on considerable responsibilities, such as running a department, before they will aspire to this princely sum. Even Jack Dodds, head of Teaching as a Career (TASC), the unit set up by the Government to encourage young people into teaching, admits: "If you want to make a lot of money, you don't go into teaching." On the question of low morale, ministers argue that the rot set in with the teachers' strikes of the mid-1980s, which cut the last threads of respect for the profession among parents. The Government's critics locate the problem in years of under-funding: witness the crumbling buildings, dilapidated equipment and dog-eared books in most schools. Whichever side is right - and they might both be - many teachers have undoubtedly talked themselves into a state of chronic self-pity. They believe themselves unloved, under-valued and misunderstood. Do you want to spend your days in this atmosphere? Another question you should ask is whether you will get stuck. Do not be misled by the often exaggerated newspaper accounts of teachers quitting the profession into believing that there will necessarily be an easy way out. Teachers of disciplines in high demand elsewhere - scientists, mathematicians or linguists - have little trouble finding alternative work. But demand for ex-teachers of other subjects in their 30s or 40s is distinctly limited. Less than 1 per cent of the teaching

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TELECOMS**A lively network for inventive minds**

The telecoms industry is traditionally divided between network operators, such as British Telecom, and equipment manufacturers like GEC Plessey Telecommunications.

However, the choice between working for an operator and a manufacturer is, to some extent, artificial, at least for the engineering graduate. In both cases, he or she will probably be involved in developing new products.

On the network side, most of the engineering workforce is deployed out in the field - maintaining the networks - and graduates can choose this route if they wish. This is essentially a management function, which will lead to managing groups of non-graduate engineers.

Many of the most talented engineering graduates, however, go into research and development, where they are designing the networks of the future. This puts them in much the same position as engineers working for manufacturers.

There are, however, two reasons why the opportunities for graduates are probably greater on the network side than in manufacturing.

First, the Government's policy of deregulating telecoms has resulted in the growth of a lively market in telecoms services, which has put Britain's operators at the forefront of the world telecoms developments.

However, telecoms manufacturing has not fared as well. From a position several years ago, when the UK was one of the world's largest telecoms exporters, the industry has largely retreated to its home market and is now being forced into a series of joint ventures with non-UK companies. The prospect is that the UK manufacturers could be in a backwater when it comes to many of the most exciting technical developments.

The second reason for

favouring the network side stems from a fundamental shift of power within the industry. Software is becoming increasingly important. The network operators are trying to take control over producing this, with the danger that manufacturers are left producing low-value standard pieces of hardware.

One factor that runs across the whole of the telecoms industry, both operators and manufacturing, is its appalling record in promoting women to top positions. It is common to go to a meeting of top telecoms executives and not find a single woman present.

The companies justify this by pointing out that there are very few women engineering graduates to choose from. However, it is also clear that the culture of the industry has been that only men are able to run large telecom factories or build and maintain networks.

The growing importance of software in telecoms systems is changing this attitude. There are more women computer programmers to choose from and factories are getting smaller. Nevertheless, given that the top and middle-level jobs are almost entirely occupied by men, it seems likely that women will still suffer from a disadvantage for some time to come.

Hugo Dixon

Plugging in to the most suitable operator

The essential choice faced by graduates who wish to work for a telecoms operator is between British Telecom or one of the new companies which have sprung up since Government liberalisation. BT still dominates the sector. It takes 700 graduates each year, compared with only 25 recruited by Mercury Communications, its only mainstream rival. The only other large employer is Racal Telecom, the UK's leading mobile communications operator, which is recruiting 50 graduates this year and



expects to hire 70-80 next year.

A graduate who is interested in research would find it difficult to beat BT. Its central research laboratories at Martlesham in Suffolk are some of the finest in the world, producing ideas at the leading edge of technology.

Other advantages of joining BT include its high reputation for training - for the first two or three years graduates take part in an individually-tailored training programme - and the ability to move to other posts within the organisation.

This could be particularly attractive for graduates

looking for good jobs outside London. Although BT's headquarters are in London, there are plenty of responsible jobs available in most parts of England, Scotland, Wales and Northern Ireland.

The main drawback with BT is that, despite five years of privatisation and attempts to make it more entrepreneurial, it is still a bureaucratic organisation. This makes it more difficult for ambitious and talented people to rise fast.

It also means that salaries lag behind those offered by comparable firms. Graduates

are offered a starting salary of £8,500-11,500, depending on their qualifications; this can be expected to rise to £13,500-£15,000 after two years and £20,000 or more by the time they are 30.

Racal Telecom has a similar salary structure in the early years - graduates start at £10,500 and can expect to be on £15,000 after two years - top managers are paid much better. And Mercury says its starting salaries are £11,000-11,500, increasing to £22,000 after five years. All three companies offer a premium of about £2,500 for

Poly Philippou, a 24-year-old graduate from University College, London, is a systems analyst and designer working in London for BT. She is testing system software that has been developed by BT

of responsibility.

At Mercury, for example, half the staff is under the age of 30. And Racal Telecom is growing at 50 per cent a year. They are also relatively small companies - Mercury has 4,000 employees compared with BT's 250,000.

Racal is more dynamic than Mercury. It has had a tremendous success in carving out a leading position in the UK market for mobile communications, leaving Cellnet, BT's mobile subsidiary, looking very much like an also-ran.

Mercury, on the other hand, still seems infected by old-fashioned monopoly attitudes. In spite of its rhetoric about wanting to break BT's control of the mainstream telecoms market, it has been much less successful than Racal in achieving this objective.

Mercury is a subsidiary of Cable & Wireless, which performs in Hong Kong the same role that BT does in the UK, and Mercury often gives the impression of wanting to turn itself into another BT. On the other hand, membership of the C&W group means there are more opportunities for foreign postings than in either BT or Racal.

The principal drawback in joining either Racal Telecom or Mercury is that they do not take training as seriously as BT. The companies are growing so fast that they have other priorities. A sensible strategy for a graduate may therefore be to join BT and, after two or three years of training, switch to Racal or Mercury.

A final option that the entrepreneurial non-engineering graduate might wish to consider is joining one of the UK's mobile service providers. This could be a fast route to earning a fortune, although it is a high-risk strategy.

The most attractive company is probably Martin Dawes Communications Europe, which has ambitions to build a pan-European mobile service operation and the founders of which have both become multimillionaires out of mobile communications. It is interested in graduates with languages, and, preferably, a business degree.

HD

Be noticed by a systems maker

Rupert Soames joined GEC Avionics in 1981 as a clerk after obtaining a second class degree in politics, philosophy and economics at Oxford University. Six years later, at the age of 28, he was managing director of GPT Data Systems, which has 700 employees and annual sales of £25m. He has now moved to Paris to run GPT's embryonic French operations.

Soames is an example of how talented individuals can rise up an organisational ladder with astonishing speed. His case illustrates the opportunities available in telecoms manufacturing to non-specialist graduates who might normally have been attracted to a career in law or in the City. So few people with arts degrees, especially from the more prestigious universities, think of going into telecoms manufacturing that the handful who do find it easy to get themselves noticed and rise to top positions.

GPT - GEC Plessey Telecommunications - dominates the UK industry. It is the main supplier of switching equipment to BT and recruits about 300 graduates a year, most of them engineers.

The other leading UK telecoms manufacturer is STC, whose speciality is in transmission systems. It recruits 80-90 graduates to its telecoms division, and several dozen more to STL, its central research laboratories in Harlow, Essex.

Ericsson, the Swedish telecoms group which supplies BT with switches, employs large numbers of software engineers. There are also a number of smaller companies, such as Technophone, a leading maker of mobile phones, which recruits two or three graduates a year.

STC is probably the most attractive choice for the engineering graduate, because it is involved in exciting areas

Continued on page 62

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Continued from p61 of technology. It dropped out of making computerised switches earlier this decade, but is a world leader in transmission systems - optical fibre was invented at its STL laboratories.

Long-term trends in telecoms will give greater importance to transmission and "intelligent networks" at the expense of switches. Graduates working at STC, particularly in research, can therefore expect to be at the forefront of some of the most interesting technical developments.

Working at GPT, by comparison, could be rather dull for engineering graduates. The takeover of Plessey, one of GPT's parents, by GEC, the other parent, and Siemens of West Germany means that much of GPT's technical programme will be directed from Germany.

Although it is generally accepted that GPT was not big enough to finance the development of the next generation of switches on its own, the partnership with Siemens may mean that most of the interesting work is done in Germany.

A further reason for joining STC would appear to be higher salaries. GPT's starting salary for graduates is £10,000, rising to £14,000-£16,500 after five years. STC's is £11,500, increasing to £18,000 after two years and £27,000 by the age of 30 for somebody who is doing well.

Both companies provide comprehensive training programmes, which include individually-tailored programmes and general professional qualifications such as presentational, financial and managerial skills. After two years, graduates qualify as chartered engineers.

A more risky alternative for graduates would be to work for smaller companies like Technophone. Its training programme is still not fully developed, there are no fixed career structures, its product range is narrow and it is really only looking for graduates who already have some experience in radio frequency engineering.

However, the opportunities are correspondingly high. Technophone is small and growing extremely fast, in a bid to turn itself into one of the world's mobile phone makers.

HD

TEXTILES

Weaving a way to the top

When Lyndsey Welsh left Strathclyde University with a degree in politics and administration six years ago she wanted to work in an area which would be "exciting, fast moving and challenging". She chose the textile industry and joined Jaeger, one of the women's wear subsidiaries of Coats Viyella, as a graduate trainee in personnel management.

Welsh has since held six different positions in personnel management at Coats. She has been personnel officer at three factories and has been responsible for the career development of young managers across the group. Today, at the age of 26, she is the executive in charge of group training.

Her preference for the industry makes her an exception, rather than the rule, among graduates. A recent survey by the National Economic Development Office showed that graduates consider textiles to be one of the least attractive industries.

In the post-war period, when the colonies developed textile industries of their own, the British mills have struggled for survival against an apparently inexorable influx of imports in an increasingly complex consumer market. It is difficult to see how the outlook for the textile industry could change dramatically in the 1990s.

But this gloomy picture tends to obscure the more positive aspects of the industry: the opportunities offered by a market where fashions change every six months and the challenge of competing in an international environment. This dynamism can make textiles a stimulating career option for graduates.

The textile industry is still large and extraordinarily complex, with a workforce of nearly 500,000 people. It encompasses everything from spinning mills, to weaving plants and factories making clothing, carpets and bed linen. It is really a collection of small, specialised industries - all with their own traditions and



Jacket and skirt (left) from Jaeger's autumn 1989 collection. Jaeger is a women's wear subsidiary of Coats Viyella. Linnen spinners at work (right). Textiles tends to be seen as a traditional industry evoking the dark, satanic mills of Mrs Gaskell's 19th century writings

regional affiliations - like the wool textile mills in Yorkshire and the knitwear manufacturers of the east Midlands.

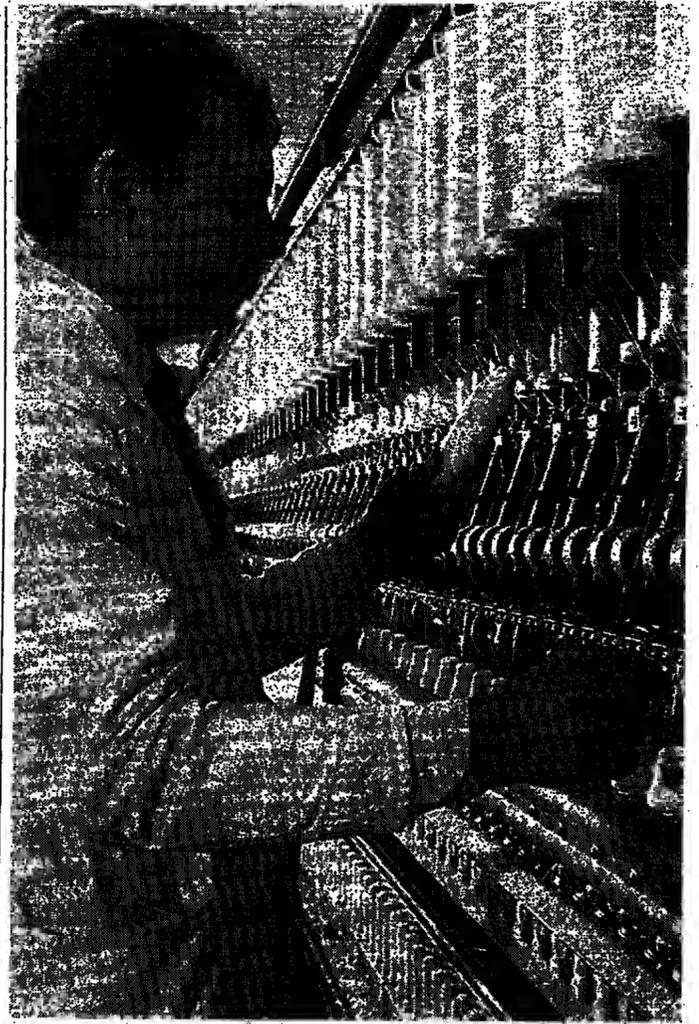
The typical textile company is small in scale and privately owned. It tends to be run by an entrepreneur, who has worked his way up through the industry probably as a salesman. Such a company is not likely to be interested in - or to be interesting to - graduates.

But the textile industry also includes Coats Viyella and Courtaulds, the two biggest textile groups in Europe, and companies like Dawson International, which dominates the global market for luxury knitwear. The international scale of these companies interests and the complex structure of their operations means that there are many employment opportunities for graduates.

Courtaulds took on 133 graduates last year and plans to recruit 150 this year. Its new recruits are divided between its various divisions, which include advanced materials and speciality chemicals as well as textiles. The textile recruits, most of whom tend to have taken specialist textile degrees, will be given jobs in marketing, production, engineering or personnel at Courtaulds' business units.

Coats drafted in 70 graduates last year and is looking for 40 this year. One set of recruits, the "expatriates", join the old Coats Patona, an international network of sewing thread and hand knitting yarn mills.

These graduates are given four months' training in the UK then sent overseas. They spend one year working at a Coats subsidiary in one country and another year in a different country. The "expats" are then given longer-term posts. One 27-year-old has already become



finance director at the Coats subsidiary in Argentina. The second set of recruits is given a two year training programme in the UK and then dispatched, like Lyndsey Welsh, to management posts at subsidiaries. The level of graduate salaries in textiles is not

particularly high - graduate recruits at Courtaulds start at £10,650 and at Coats at about £10,500 - but the larger groups do offer scope for speedy promotion.

Alice Rawsthorn

Large textile companies:

Coats Viyella, Bank House, Charlotte St, Manchester M1 3ET, Coleroll, 1 King St, Manchester M2 6AW. Courtaulds, 18 Hanover Sq, London W1A 2BB, Dawson International, 9 Charlotte Sq, Edinburgh EH2 4DR, William Baird, 79 Mount St, London W1Y 5EL.

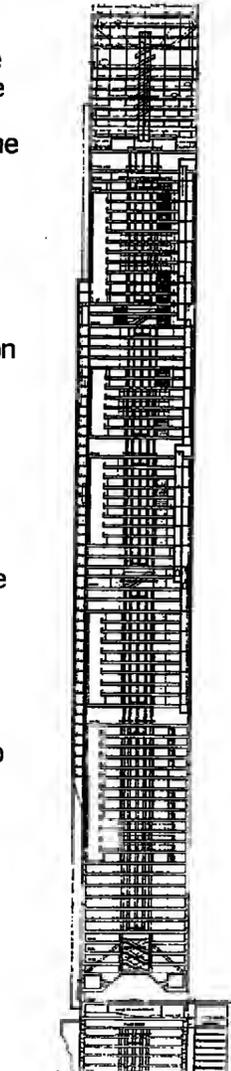
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THEATRE

When grit and talent may not be enough

Noël Coward gave the best advice to people bent on a life in the theatre: "Don't put your daughter on the stage, Mrs Worthington... the profession is overcrowded and the struggle's pretty tough; and admitting the fact she's burning to act, that isn't quite enough."

Equally off-putting was the critic James Agate when confronted with an eager young Donald Sinden who had served an apprenticeship as a cabinet-maker: "Stick to your fretwork, young man!"

Ninety per cent of members of Equity, the actors' trades union, are permanently unemployed. Technical, backstage jobs with unsocial hours are highly paid but fiercely protected by the union, the National Association of Theatrical, Television and Kine Employers, (NATKE) in the West End market; they are unrewarding drudgery elsewhere, except for the monastically dedicated. New playwrights are seldom produced, are hardly paid and rarely successful.

The one area of expansion is arts administration, an interesting field in the Thatcher era of cutting back on subsidies, while opening up the sponsorship market.

You simply cannot prescribe a correct training in the theatre. Even allowing for the vanities endemic to the trade, the only people who succeed are those who have some talent, even more guile, and a sense of fulfilling a vocation, not doing a job. Most drama schools take a few post-graduate students, and Rada, the Royal Academy of Dramatic Art, preserves its reputation and lustre. Also fashionable are the Drama Centre and the Guildhall School. Most of the London drama schools offer stage-management courses.

Kenneth Branagh's new autobiography paints a vivid picture of an actor's life and is of immense practical value to any budding thespian. So are, in their different ways, Simon Callow's Being An Actor, and Antony Sber's The Year of the King.

For graduating directors, the Regional Theatres Young Directors Scheme, started by Thames Television and now also sponsored by several other companies, attaches young talent to the major reps in an



assistant capacity. The competition for these places is ferocious. Directing bursaries, along with support for promising designers and writers, are available from the Arts Council. The Council operates an overall training budget of £450,000, of which £26,000 goes to the National Opera Studio.

But, as in all fields of creative work, the only really valuable advice is either Coward's or "Go out and do it". Two of the best young directors of recent years, Deborah Warner and Declan Donnellan, both newly appointed Associate Directors at the National, started their own companies with no public funds: respectively, Kick Theatre and Cheek By Jowl.

Design, too, is best learned on attachment, though the Wimbledon School of Art runs a renowned theatre design course. For writers, good advice may be had from the Writers' Guild. Scripts will always be read and returned, with comment, by the London venues with an interest in new work and a literary manager to take care of it: the Royal Court, the Bush, and Hampstead Theatre. Do not bother, in the first instance, with the National or the Royal Shakespeare Company.

It is important to know your target before firing an arrow. The BBC Radio drama department led by John Tydemann and Richard Imison continues to be an unsung haven for new dramatists, an invisible, invaluable asset of the public broadcasting industry. Decent reward, though, is reserved for prize-winners in the excellent Mobil Oil scheme operated by the Royal Exchange Theatre in Manchester, or the George Devine Award supervised by

the Royal Court. Graduate journalists with a specific interest in theatre will either dally with administration and PR or plunge into criticism. Critical posts are hard to achieve, especially in a journalistic climate that suspects passion and commitment as symptomatic of "vested interests" and is more attuned to know-all arrogance and sycophantic puffery than to anything smacking of informed critical assessment. Good new critics are always needed, and the best way of starting - assuming you have been an assiduous theatre-goer since the age of 12 - is by laying

siege to the specialist publications (Plays and Players, Plays International)



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or your local listings magazine, hanging around at the Edinburgh Festival, or helping out on the excellent daily broadsheet produced by Clive Wolfe at the annual spring-time National Student Drama Festival.

An occupation in the theatre may be a trivial pursuit but as Henry James said when visiting France in the 1880s, "even people of serious tastes look upon the theatre not as one of the extras but as one of the necessities of life." For most participants the theatre is a badly paid obsession.

Michael Coveney

Further information: The Regional Theatres Young Directors Scheme, PO Box 93, Woking, Surrey GU21 1AF. ALSO SEE ARTS AND MUSEUMS

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TRANSPORT**Train spotters sent on their way**

Most of them won't admit it, but public transport recruiters have an unwritten rule: "Gricers" and "Hairies" need not apply.

"Gricers" is uncomplimentary railway slang for train spotters and associated enthusiasts. "Hairies" are the bus industry's equivalent.

The reason is that running a public transport company is not about trains and buses at all. It is about people - both the large numbers of workers in a labour-intensive industry, and the increasingly important customers.

None of the many potential employers looks for any particular discipline, but numeracy, flexibility and initiative are becoming highly valued in an industry which is going through a period of rapid change.

The bus industry has already been largely privatised, though

expect to be earning £35,000 plus a car, though that will probably rise after privatisation.

Long hours are common, and managers are expected to display a high level of commitment, including working at weekends.

There are other problems to watch out for, especially in the privatised companies which were formerly part of the state-owned National Bus Company. Many of these companies were sold to management buy-out teams, and the new managers/owners may prove reluctant to make way for rising talent.

Six of the big eight companies outside London - the Scottish Bus Group, Greater Manchester Buses, Merseyside Transport, South Yorkshire Transport, Strathclyde Buses, and West Midlands Travel - are still in the public sector, and their future is uncertain because of government pressure for further privatisation.

Most of the larger bus companies have good training schemes, but the annual intake of graduates is only around 10 - a minuscule number for an industry with more than 5,000 companies and tens of thousands of workers.

By comparison, British Rail gets around 900 applications

Z**ZOOLOGY**

Time to break away from the crowd and stand on your own two feet

ZOOLOGY**Ferocious fight for jobs in the wild**

Zoologists find it harder to pursue careers in their chosen field than almost any other category of science graduate. There is intense competition for the few zoological positions going, and most zoology students have to settle for jobs that are either indirectly related to their discipline - elsewhere in the biological sciences - or in entirely unrelated fields.

Many zoologists end up using their skills studying or working with *homo sapiens*. There are many job opportunities in the National Health Service, working in hospitals and public health laboratories. Zoologists can train for more specialised

Chemical Defence Establishment which is at Porton Down.

Many idealistic zoology graduates would probably prefer to work with animals in the wild. But, despite the growing public and political enthusiasm for conservation and the environment, the number of jobs in this field is still very limited and the competition is ferocious.

Recently, for example, more than 1,800 people applied to become assistant regional officers with the Nature Conservancy Council. Zoologists who are determined to find environmental jobs should consider applying to some of the large companies, particularly in the oil and chemical industries, which employ small numbers of biologists to study the

environmental impact of their activities.

Perhaps the most obvious place for a zoologist to work is in a zoo. But London Zoo is swamped by applications for any advertised jobs. Graduates even beg for work as animal keepers, for which the basic qualification is five O-levels.

Clive Cookson

Further information: see the new graduate careers booklet on biological sciences, recently published by the Careers Services Trust and available from careers offices or from the Central Services Unit, Crawford House, Princes Road, Manchester M13 9RP for £1.50.



John Prideaux, Inbar City director, holds the new high-speed Electra

many local authority employers remain, and since 1987 deregulation has made it possible for anyone to start a bus service simply by notifying the Traffic Commissioners.

British Rail, by far the largest single employer, is still in the state sector, but will certainly be privatised if the Conservatives win the next election and is already moving rapidly towards commercial operation.

There are, as yet, no plans to privatise the London Underground, but it has been divided into 10 operating companies, and is increasingly adopting private sector management methods.

On top of these structural changes, the whole railway industry is entering a period of reconstruction as heavy investment is ploughed in to make up for the underspending of the last 20 years.

The result is that public transport is becoming one of the most competitive service sectors in the country. And, in the bus industry at least, salaries are beginning to reflect the changing times.

Graduates in most parts of the country are now starting on around £10,000, and can expect to earn up to £16,000 after two or three years. At the top of the tree, the general manager of a large private company will earn up to £50,000.

Things are different in London, where London Buses has been broken into 13 operating subsidiaries but is not expected to be privatised until 1992.

Starting salaries are higher, at around £12,000 plus free travel on the Underground and 75 per cent discounts on BR. But a graduate trainee with two or three years' experience would probably be earning only £14,700 as an assistant operating manager.

The managing director of one of the subsidiaries would

a year from graduates and hires about 150. Applicants are required to have a good honours degree in any discipline, except for engineering trainees, who need a suitable degree.

Starting rates are between £9,185 and £10,900 plus London weighting of £946 if applicable, rising to a minimum of £11,000 after an initial year's training.

Promotion is fairly slow and BR is still struggling to find a way of dumping the "Buggins Turn" system of promotion which has developed since nationalisation in 1948.

Things are changing, and will change even faster if privatisation takes place, but at the moment it takes a minimum of eight years to reach area manager status, where you might control 1,000 staff and earn around £25,000.

After that the promotion path would lead into senior management, but the rewards are not large. Less than 350 of BR's 135,000 employees earn more than £30,000, and only 25 earn more than £45,000.

The scale of rewards is similar at London Underground, which takes around 50 graduates a year, and sees itself in competition with BR for the best people.

The Underground starts graduates on £12,000, rising to between £25,000 and £36,000 for a general manager in charge of one of the 10 lines, but promotion can be faster than at BR, and one general manager - former graduate trainee Ian Derbyshire - is only 28.

Kevin Brown

Further information: Bus and Coach Council Training, Sardinia House, 52 Lincoln's Inn Fields, London WC2. Railway Gazette International,



A closer look at a hairy

careers in fields such as pathology, haematology, microbiology, genetics and even virology.

Those who really want to work with non-human animals - proper animals and not just micro-organisms - have a much more limited choice. One option, which is not well publicised for fear of attracting the violent attentions of animal liberation fanatics, is to help look after laboratory animals.

Although scientists are constantly looking for alternatives to laboratory animals for medical research and testing pharmaceutical and veterinary products, about three million animal experiments are still performed every year in the UK. Animal tests are being phased out for consumer products such as cosmetics and shampoos, but they are certain to remain an essential part of medical and pharmaceutical research for the foreseeable future. Eighty per cent of the animals used are mice and rats; guinea pigs and rabbits make up another 10 per cent.

Drug companies recruit zoologists to work with their laboratory animals and so do public sector establishments such as Medical Research Council laboratories and the

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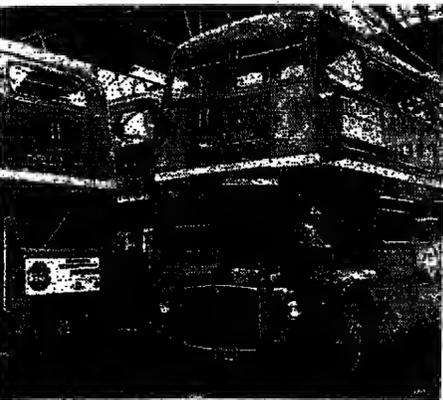
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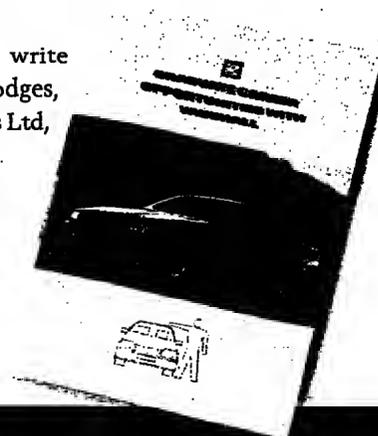
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